

Minnesota Attorney General: Administrative Rules Proceedings

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Version 3
August 20, 2018

RULE REVIEW CHECKLIST

File No. 1398
DATE RECEIVED 9/21/87
REVIEW DATE 9/30/87
DUE DATE 10/5/87

APPROVED ✓ 10/2/87
DISAPPROVED
WITHDRAWN

Docket No. 06.0009.T431
ADOPTED W/O HEARING X
EMERGENCY RULE

REVISOR APPROVED
REVISOR DISAPPROVED
FIELD W/SEC.STATE 10/05
RETURNED TO AGENCY

✓ Rule as adopted (4 copies)

✓ Notice to Solicit Outside Information/Opinion
6/9/86 Date published in State Register
Comments

~~Petition for Adoption of a Rule~~

~~Board's Authorizing Resolution~~

✓ Proposed rule
yes Revisor's Certificate

✓ Notice of Intent to Adopt Rule
393.7 (1) 256.011 (1) Statutory Authority
no Small Business Statement
yes Expenditure of public money statement
yes Signature

✓ Statement of Need and Reasonableness
no Small Business Statement
no Fees - § 16A.128

✓ Affidavit of Mailing Notice of Intent to Adopt Rule
7/22/87 Date 30/25 days before adoption

✓ Publication in State Register
7/27/87 Date 30/25 days before adoption

~~Resolution Adopting~~

✓ Findings of Fact, Conclusions & Order Adopting
9/18/87 Date

~~Written requests, submissions or comments~~

✓ Declaration of attorney
Julie Harris Name of SAAG representing agency

~~Notice of Submission to Attorney General~~

~~Affidavit of Mailing Notice to Attorney General~~

SF-00006-05 (4/86)

STATE OF MINNESOTA

Office Memorandum

DEPARTMENT : ATTORNEY GENERAL

DATE : October 10, 1987

TO : DAN LIPSCHULTZ
Human Services
Rules Division

FROM : JULIE A. LEPPINK

PHONE : 7-3493

SUBJECT : In the Matter of the Adopted Rules Relating to Title IV-E Funding

The above-referenced rule has been approved as to its legality by the Attorney General on October 2, 1987.

Enclosed is the agency's copy of the approved rule. This office has already filed two copies with the Secretary of State, who will forward one copy to the Revisor of Statutes. The fourth is being retained by this division of the Attorney General's Office for its records.

Also enclosed are any petitions, requests, submission or comments received by the agency and any extra copies of documents which the agency submitted to the Attorney General.

In order for a permanent rule without a hearing to become effective, your agency must publish a notice of adoption in the State Register in accordance with Minn. Stat. § 14.27. An emergency rule becomes effective five working days after approval by the Attorney General; however, the agency must publish a notice in the State Register in accordance with Minn. Stat. § 14.34.

If you have any questions in this regard, please contact me.

JAL:nah

Enclosures

cc: Maryanne Hruby
Executive Director
Legislative Commission to Review
Adminsitrative Rules

Duane Harves
Chief Administrative Law Judge
Office of Administrative Hearings

A6 Copy

Department of Human Services

Adopted Permanent Rules Relating to Title IV-E Funding Allocation

Rules as Adopted

9550.0300 PURPOSE.

The purpose of parts 9550.0300 to 9550.0370 is to establish the methods to be used in distributing to local agencies the dollars received by the Department of Human Services from the federal government for administrative and training costs incurred in providing social services under Title IV-E and Title XIX.

9550.0310 DEFINITIONS.

Subpart 1. **Scope.** For the purpose of parts 9550.0300 to 9550.0370, the following terms have the meanings given them.

Subp. 2. **Commissioner.** "Commissioner" means the commissioner of the Minnesota Department of Human Services or the commissioner's designated representative.

Subp. 3. **County board.** "County board" means the county board of commissioners in each county. When a human services board or welfare board has been established under Minnesota Statutes, sections 402.02 to 402.10, it shall be considered to be the county board for the purposes of parts 9550.0300 to 9550.0370.

Subp. 4. **Department.** "Department" means the Minnesota Department of Human Services.

Subp. 5. **Local agency.** "Local agency" means the social services agency authorized by the county board to provide community social services.

Subp. 6. **Social service cost pool.** "Social service cost pool" means all direct and indirect costs incurred by local agencies in providing community social services as defined in part 9550.0010, subpart 4, except costs that are not allocated through the use of the social service time study.

Subp. 7. **Social service time study.** "Social service time study" means the study conducted by the department that measures the portion of local agency staff time spent on various social service activities for the purpose of determining the percentage of administrative costs attributable to social service expenditures that are federally reimburseable.

Subp. 8. **Substitute care.** "Substitute care" means placement in a group home, family foster home, or other publicly supported out-of-home residential facility, including any out-of-home residential facility under contract with the state, county, other political subdivision, or any of their agencies, to provide those services.

Subp. 9. **Title IV-E.** "Title IV-E" means the federal program that reimburses administrative and training costs incurred in providing services under Public Law Number 96-272 as amended through June 17, 1980.

Subp. 10. **Title IV-E money.** "Title IV-E money" means the federal dollars claimed and received by the department as reimbursement for administrative and training costs incurred by the local agencies under Title IV-E.

Subp. 11. **Title XIX.** "Title XIX" means the federal program that reimburses the costs incurred in providing health care to eligible persons under United States Code, title 42, sections 1396 to 1396p.

Subp. 12. **Title XIX money.** "Title XIX money" means the federal dollars claimed and received by the department under Title XIX as reimbursement for administrative costs incurred by the local agencies in providing social services to medical assistance program recipients.

9550.0320 TITLE IV-E REIMBURSEMENT.

The following equation shall be used to calculate the local agency's share of the Title IV-E money received by the department each quarter of the federal fiscal year:

$$A_i = B \frac{C_i \left(\frac{D_i + F}{E_i + 10}\right)}{\sum_{i=1}^{87} C_i \left(\frac{D_i + F}{E_i + 10}\right)}$$

where

A_i = the ith local agency's share of Title IV-E money received by the department

B = the total amount of Title IV-E money received by the department to be distributed for the quarter

C_i = the social service cost pool reported by the ith local agency during the quarter

D_i = the average monthly number of IV-E eligible children on the ith local agency's caseload for the quarter

E_i = the average monthly number of children in substitute care on the ith local agency's caseload for the quarter

F = a stabilizing factor, equal to the statewide ratio of children eligible under Title IV-E to all children in substitute care, multiplied by ten

9550.0330 TITLE XIX REIMBURSEMENT.

The following equation shall be used to calculate the local agency's share of the Title XIX money received by the department:

$$A_i = B \frac{\sqrt{C_i * D_i}}{\sum_{i=1}^{87} \sqrt{C_i * D_i}}$$

where

A_i = the ith local agency's share of the Title XIX money to be distributed by the department

B = the total amount of Title XIX money received for distribution by the department

C_i = the social service cost pool reported by the ith local agency for the quarter

D_i = the average monthly number of persons receiving medical assistance in the ith local agency during the quarter for whom the local agency is financially responsible

9550.0340 REPORTING REQUIREMENTS.

Subpart 1. **Information required.** To receive reimbursement under parts 9550.0300 to 9550.0370, the local agency must:

A. provide the information required by the department to conduct the social service time studies on which the state's federal reimbursement claims for administrative costs under Title IV-E and Title XIX are based; and

too much discretion? doesn't specify what's required

B. submit quarterly reports to the department no later than 20 calendar days after the end of the quarter on forms specified by the commissioner. The quarterly reports must provide the information needed to make the calculations specified in parts 9550.0320 and 9550.0330, including:

limited to?

(1) the local agency's social service cost pool for the quarter;

(2) the average monthly number of children in the county who are eligible under Title IV-E during the quarter; and

(3) the average monthly number of children in substitute care in the county during the quarter.

Subp. 2. **Penalty.** A local agency shall not receive its Title IV-E or Title XIX reimbursement until the agency has provided the information required under subpart 1. If the local agency does not meet the reporting requirements of subpart 1, the commissioner shall send a written notice of noncompliance to the local agency. If a local agency does not comply with subpart 1 within 30 days of the date written notice was sent, the commissioner shall certify a reduction in the local agency's reimbursement by 20 percent for the quarter of noncompliance. When a local agency is notified of this action, it may make an appeal under Minnesota Statutes, section 256E.06, subdivision 10. Money received or retained by the department as a result of the penalty must be distributed to all local agencies that were not penalized. The percentage of penalty money received by each local agency must be equal to the percentage of Title IV-E money received by the local agency for the quarter.

9550.0350 DISALLOWANCES.

Any disallowances due to audits of federal claims for administrative reimbursement must be shared by all local agencies. A local agency's percentage share of a disallowance must be equal to the percentage of the federal administrative reimbursement received by the local agency for the quarter and program to which the disallowance applies. The commissioner shall notify each county of the action to be taken and the reasons for the action.

9550.0360 HOLD HARMLESS CLAUSE.

retroactive?

Subpart 1. **Effect.** For the federal fiscal year 1986, each county shall receive as reimbursement under part 9550.0320 no less than the amount of Title IV-E reimbursement received by the county as of April 1, 1987, for federal fiscal year 1985. The funds needed to satisfy the requirements of this part must be obtained by deducting an equal percentage from the federal fiscal year 1986 Title IV-E allocation to each local agency that did not submit a Title IV-E claim in federal fiscal year 1985.

Subp. 2. **Applicability.** This part applies only to allocations for federal fiscal year 1986.

9550.0370 PRIOR PERIOD ADJUSTMENT.

Subpart 1. **Prior adjustments permitted.** A local agency may provide the department with amended reports to correct inaccuracies in data provided for previous quarters. Additional federal revenue obtained as a result of corrections in data for previous quarters must be distributed to all local agencies in accordance with the formulas in parts 9550.0320 and 9550.0330. Any money owed to the federal government because of amended local agency reports under this part must be billed to all local agencies in accordance with the formulas in parts 9550.0320 and 9550.0330.

Subp. 2. **Limitation on prior adjustments.** An amended report must be received by the department no later than 12 months after the reporting deadline for the quarter being amended.

STATE OF MINNESOTA
DEPARTMENT OF STATE
FILED

OCT 5 - 1987

Joan Anderson Growe
Secretary of State

11:27 AM

APPROVED AS TO FORM AND LEGALITY

October 2 19 87

HUBERT H. HUMPHREY, III
ATTORNEY GENERAL

BY _____
SPECIAL ASSISTANT ATTORNEY GENERAL

Department of Human Services, Community Social Services Division

Outside Opinion Sought Concerning Rules Governing the Allocation of Title IV-E Funds to Counties

Notice is hereby given that the Minnesota Department of Human Services is seeking information or opinions from sources outside the agency in preparing to draft a rule governing the allocation of Title IV-E funds to counties. Authorization for the rule is found in Minnesota Statutes, sections 393.07, subdivision 2; 256.01 subdivision 2 (2); and 256.011.

The Minnesota Department of Human Services requests information and comments concerning the subject matter of this proposed rule. Interested or affected persons or groups may submit statements of information or comment orally or in writing. Written statements should be addressed to:

Jane Delage
Rules Unit
Minnesota Department of Human Services
4th Floor, Centennial Office Building
658 Cedar St.
St. Paul, MN 55155

Oral statements and comments will be received during regular business hours over the telephone at 612/297-4302.

All statements of information and comment shall be accepted until further notice. Any written material received by the Minnesota Department of Human Services shall become part of the record in the event the rule is promulgated.

Minnesota Pollution Control Agency

Notice for Request for Qualifications (RFQ) and Current Fee Structure

The Minnesota Pollution Control Agency (MPCA) wishes to develop a list of contractors that are capable of providing emergency treatment of municipal water supplies within the State of Minnesota that have been contaminated with volatile organic compounds. Contracts would be executed using emergency contracting procedures on a case by case basis. Funding for treatment services will come from the State Superfund and be apportioned out on a site by site basis. It is estimated that $250,000 worth of emergency treatment services will be needed over a 24 month period.

Copies of the RFQ are available from:

Bruce Brott
Minnesota Pollution Control Agency
Solid and Hazardous Waste Division
1935 West County Road B2
Roseville, Minnesota 55113

All statements of qualifications and current fee structures must be submitted to the MPCA by Friday, July 11 or 25 days from the date of first publication of this notice, whichever is later.

Public Employees Retirement Association (PERA)

Comments Sought in Preparation of Proposed Rules Interpreting, Defining, and Clarifying Certain Statutory Language Governing Police Officer Eligibility for Membership in the PERA Police and Fire Fund

Notice is hereby given that the Public Employees Retirement Association (PERA) is seeking comments from sources outside the agency in advance of the preparation of proposed rules interpreting, defining, and clarifying the "power to arrest by warrant" language of Minnesota Statutes, Section 353.64, subdivision 2, which, in part, sets forth criteria governing eligibility of police and/or other law enforcement officers for membership in the PERA Police and Fire Fund. Statutory authority to adopt, alter, and enforce reasonable rules consistent with the laws of the State for the administration and management of the fund is granted by Minnesota Statutes, Section 353.03.

Department of Human Services, Community Social Services Division

Outside Opinion Sought Concerning Rules Related to the Allocation of Federal Dollars Received for the Title IV-E Administration and Training Program and for the Administrative Costs Incurred in Providing Social Services Under Title IV-D and Title XIX

Notice is hereby given that the Minnesota Department of Human Services is seeking information or opinions from sources outside the agency in preparing to draft rules relating to the allocation of federal dollars received for the Title IV-E administration and training program and for the administrative costs incurred in providing social services under Title IV-D and Title XIX of the Social Security Act. This notice expands the scope of the notice published in the *State Register* on June 2, 1986 to include social service costs associated with Title IV-D and Title XIX funding. Authority for the promulgation of these rules is found in Minnesota Statutes, sections 256.01, subdivision 2(2); 256.011; 256B.04; subdivision 2; and 393.07, subdivisions 2 and 3.

The Minnesota Department of Human Services requests information and comments concerning the subject matter of this proposed rule. Interested or affected persons or groups may submit statements of information or comment orally or in writing. Written statements should be addressed to:

Jane M. Delage
Rules Unit
Minnesota Department of Human Services
4th Floor, Centennial Office Building
658 Cedar St.
St. Paul, MN 55155

Oral statements and comments will be received during regular business hours over the telephone at 612/297-4302.

All statements of information and comment shall be accepted until further notice. Any written material received by the Minnesota Department of Human Services shall become part of the record in the event the rule is promulgated.

Department of Labor and Industry

Notice of Certified Prevailing Wage Rates

On August 1, 1986 the commissioner certified prevailing wage rates for commercial construction projects in the following Minnesota counties: Aitkin, Anoka, Becker, Beltrami, Carlton, Cass, Clay, Clearwater, Cook, Crow Wing, Hubbard, Itasca, Kittson, Koochiching, Lake, Lake of the Woods, Mahnomen, Marshall, Norman, Ottertail, Pennington, Polk, Red Lake, Roseau, St. Louis, Wadena and Wilkin.

A copy of the determined wage rates for Minnesota counties may be obtained by contacting the Minnesota Documents Division, 117 University Avenue, St. Paul, Minnesota 55155. The charges for the cost of copying and mailing are $.50 for the first county and $.30 for any subsequent copies of the same or other counties. For all 87 counties the charge of $25.00. A sales tax of 6% must be added to all orders, plus $1.50 for postage and handling of mail orders.

A check or money order payable to the State of Minnesota must accompany each request.

Steve Keefe, Commissioner
Department of Labor & Industry

Metropolitan Council

Notice of Review Schedule for Draft Legislation for Supplemental Regional Park Operations and Maintenance Funds and Proposed Amendments to the Metropolitan Development Guide Recreation Open Space Policy Plan:
1. Modification of Allocations in the Fiscal Year 88-89 Biennium of the Capital Improvement Program
2. Addition of State and Federal Recreation Areas As Eligible Components of the Regional Parks System

The Metropolitan Council will undertake three major efforts with regard to its Recreation Open Space Policy Plan this fall. The

Department of Human Services

Proposed Permanent Rules Relating to Title IV-E Funding Allocation

Rules as Proposed (all new material)

9550.0300 PURPOSE.

The purpose of parts 9550.0300 to 9550.0370 is to establish the methods to be used in distributing to local agencies the dollars received by the Department of Human Services from the federal government for administrative and training costs incurred in providing social services under Title IV-E and Title XIX.

9550.0310 DEFINITIONS.

Subpart 1. **Scope.** For the purpose of parts 9550.0300 to 9550.0370, the following terms have the meanings given them.

Subp. 2. **Commissioner.** "Commissioner" means the commissioner of the Minnesota Department of Human Services or the commissioner's designated representative.

Subp. 3. **County board.** "County board" means the county board of commissioners in each county. When a human services board or welfare board has been established under Minnesota Statutes, sections 402.02 to 402.10, it shall be considered to be the county board for the purposes of parts 9550.0300 to 9550.0370.

Subp. 4. **Department.** "Department" means the Minnesota Department of Human Services.

Subp. 5. **Local agency.** "Local agency" means the social services agency authorized by the county board to provide community social services.

Subp. 6. **Social service cost pool.** "Social service cost pool" means all direct and indirect costs incurred by local agencies in providing community social services as defined in part 9550.0010, subpart 4, except costs that are not allocated through the use of the social service time study.

Approved by Revisor

Subp. 7. **Social service time study.** "Social service time study" means the study conducted by the department that measures the portion of local agency staff time spent on various social service activities for the purpose of determining the percentage of administrative costs attributable to social service expenditures that are federally reimburseable.

Subp. 8. **Substitute care.** "Substitute care" means placement in a group home, family foster home, or other publicly supported out-of-home residential facility, including any out-of-home residential facility under contract with the state, county, other political subdivision, or any of their agencies, to provide those services.

Subp. 9. **Title IV-E.** "Title IV-E" means the federal program that reimburses administrative and training costs incurred in providing services under Public Law Number 96-272 as amended through June 17, 1980.

Subp. 10. **Title IV-E money.** "Title IV-E money" means the federal dollars claimed and received by the department as reimbursement for administrative and training costs incurred by the local agencies under Title IV-E.

Subp. 11. **Title XIX.** "Title XIX" means the federal program that reimburses the costs incurred in providing health care to eligible persons under United States Code, title 42, sections 1396 to 1396p.

Subp. 12. **Title XIX money.** "Title XIX money" means the federal dollars claimed and received by the department under Title XIX as reimbursement for administrative costs incurred by the local agencies in providing social services to medical assistance program recipients.

9550.0320 TITLE IV-E REIMBURSEMENT.

The following equation shall be used to calculate the local agency's share of the Title IV-E money received by the department each quarter of the federal fiscal year:

Approved
by Revisor _____

$$A_i = B \frac{C_i \left(\frac{D_i + F}{E_i + 10} \right)}{\sum_{i=1}^{87} C_i \left(\frac{D_i + F}{E_i + 10} \right)}$$

where

A_i = the ith local agency's share of Title IV-E money received by the department

B = the total amount of Title IV-E money received by the department to be distributed for the quarter

C_i = the social service cost pool reported by the ith local agency during the quarter

D_i = the average monthly number of IV-E eligible children on the ith local agency's caseload for the quarter

E_i = the average monthly number of children in substitute care on the ith local agency's caseload for the quarter

F = a stabilizing factor, equal to the statewide ratio of children eligible under Title IV-E to all children in substitute care, multiplied by ten

9550.0330 TITLE XIX REIMBURSEMENT.

The following equation shall be used to calculate the local agency's share of the Title XIX money received by the department:

$$A_i = B \frac{\sqrt{C_i * D_i}}{\sum_{i=1}^{87} \sqrt{C_i * D_i}}$$

where

A_i = the ith local agency's share of the Title XIX money to be distributed by the department

B = the total amount of Title XIX money received for distribution by the department

C_i = the social service cost pool reported by the ith local agency for the quarter

D_i = the average monthly number of persons receiving medical assistance in the ith local agency during the quarter for whom the local agency is financially responsible

Approved by Revisor _____

9550.0340 REPORTING REQUIREMENTS.

Subpart 1. **Information required.** To receive reimbursement under parts 9550.0300 to 9550.0370, the local agency must:

A. provide the information required by the department to conduct the social service time studies on which the state's federal reimbursement claims for administrative costs under Title IV-E and Title XIX are based; and

B. submit quarterly reports to the department no later than 20 calendar days after the end of the quarter on forms specified by the commissioner. The quarterly reports must provide the information needed to make the calculations specified in parts 9550.0320 and 9550.0330, including:

(1) the local agency's social service cost pool for the quarter;

(2) the average monthly number of children in the county who are eligible under Title IV-E during the quarter; and

(3) the average monthly number of children in substitute care in the county during the quarter.

Subp. 2. **Penalty.** A local agency shall not receive its Title IV-E or Title XIX reimbursement until the agency has provided the information required under subpart 1. If the local agency does not meet the reporting requirements of subpart 1, the commissioner shall send a written notice of noncompliance to the local agency. If a local agency does not comply with subpart 1 within 30 days of the date written notice was sent, the commissioner shall certify a reduction in the local agency's reimbursement by 20 percent for the quarter of noncompliance. When a local agency is notified of this action, it may make an appeal under Minnesota Statutes, section 256E.06, subdivision 10. Money received or retained by the department as a result of the penalty must be distributed to all local agencies that were not penalized. The percentage of penalty money received by each local agency must be equal to the percentage of Title IV-E money received by the local agency for the quarter.

9550.0350 DISALLOWANCES.

Approved
by Revisor _____

Any disallowances due to audits of federal claims for administrative reimbursement must be shared by all local agencies. A local agency's percentage share of a disallowance must be equal to the percentage of the federal administrative reimbursement received by the local agency for the quarter and program to which the disallowance applies. The commissioner shall notify each county of the action to be taken and the reasons for the action.

9550.0360 HOLD HARMLESS CLAUSE.

Subpart 1. **Effect.** For the federal fiscal year 1986, each county shall receive as reimbursement under part 9550.0320 no less than the amount of Title IV-E reimbursement received by the county as of April 1, 1987, for federal fiscal year 1985. The funds needed to satisfy the requirements of this part must be obtained by deducting an equal percentage from the federal fiscal year 1986 Title IV-E allocation to each local agency that did not submit a Title IV-E claim in federal fiscal year 1985.

Subp. 2. **Applicability.** This part applies only to allocations for federal fiscal year 1986.

9550.0370 PRIOR PERIOD ADJUSTMENT.

Subpart 1. **Prior adjustments permitted.** A local agency may provide the department with amended reports to correct inaccuracies in data provided for previous quarters. Additional federal revenue obtained as a result of corrections in data for previous quarters must be distributed to all local agencies in accordance with the formulas in parts 9550.0320 and 9550.0330. Any money owed to the federal government because of amended local agency reports under this part must be billed to all local agencies in accordance with the formulas in parts 9550.0320 and 9550.0330.

Subp. 2. **Limitation on prior adjustments.** An amended report must be received by the department no later than 12 months after the reporting deadline for the quarter being amended.

Approved
by Revisor _____

Office of the Revisor of Statutes

Administrative Rules

TITLE: Proposed Permanent Rules Relating to Title IV-E Funding Allocation

AGENCY: Department of Human Services

MINNESOTA RULES: Chapter 9550

The attached rules are approved for publication in the State Register

Susan E. Quayle
Assistant Revisor

Department of Human Services

In the Matter of the Proposed
Adoption of Rules of
the State Department of
Human Services Relating to
Title IV-E Funding Allocation,
parts 9550.0300 to 9550.0370

NOTICE OF INTENT
TO ADOPT A RULE WITHOUT
A PUBLIC HEARING

Notice is hereby given that the State Department of Human Services intends to adopt the above-entitled rules without a public hearing following the procedures set forth in the Administrative Procedure Act for adopting rules without a public hearing in Minnesota Statutes, sections 14.22 to 14.28. The statutory authority to adopt these rules is Minnesota Statutes, sections 393.7, subdivision 1, 256.011, subdivision 1 and 256.01, subdivision 2(2).

All persons have 30 days or until 4:30 p.m. on August 26, 1987 in which to submit comment in support of or in opposition to the proposed rules or any part or subpart of the rules. Comment is encouraged. Each comment should identify the portion of the proposed rules addressed, the reason for the comment, and any change proposed.

Any person may make a written request for a public hearing on the rules within the 30-day comment period. If 25 or more persons submit a written request for a public hearing within the 30-day comment period, a public hearing will be held unless a sufficient number withdraw their request in writing. Any person requesting a public hearing should state his or her name and address, and is encouraged to identify the portion of the proposed rules addressed, the reason for the request, and any change proposed. If a public hearing is required, the agency will proceed pursuant to Minnesota Statutes, sections 14.131 to 14.20.

Comments or written requests for a public hearing must be submitted to: Richard Hardes, Minnesota Department of Human Services, 4th floor Centennial Office Building, 658 Cedar Street, St. Paul, Minnesota 55155; telephone (612) 296-2829.

The proposed rules may be modified if the modifications are supported by data and views submitted to the agency and do not result in a substantial change in the proposed rules as noticed.

The purpose of these rules is to establish the methods to be used in allocating to counties the federal funds received by the Minnesota Department of Human Services for administrative and training costs incurred in providing social services under Titles IV-E and XIX of the Social Security Act. These rules will affect all counties in the State of Minnesota.

The rules contain definitions of terms; two formulae allocating Title IV-E and Title XIX funds; fiscal reporting requirements; a penalty provision for noncompliance with the fiscal reporting requirements; a formula for allocating federal disallowances pertaining to the funds allocated under these rules; a provision preventing any county from experiencing a decrease in administrative and training funds under Title IV-E in 1986; and a provision establishing parameters within which counties may claim funds under these rules for previous quarters.

A free copy of the rules is available upon request from Richard Hardes, Minnesota Department of Human Services, 4th floor Centennial Office Building, 658 Cedar Street, St. Paul, Minnesota 55155; telephone (612) 296-2829. A copy of the rule may also be viewed at any of the 87 county welfare or human services agencies in the State of Minnesota.

A Statement of Need and Reasonableness that describes the need for and reasonableness of each provision of the proposed rule and identifies the data and information relied upon to support the proposed rule has been prepared and is available from Richard Hardes, Minnesota Department of Human Services, 4th floor Centennial Office Building, 658 Cedar Street, St. Paul, Minnesota 55155; telephone (612) 296-2829 upon request.

Adoption of these rules will not result in additional spending by local public bodies in excess of $100,000 per year for the first two years following adoption under the requirements of Minnesota Statutes, section 14.11. A fiscal note prepared according to the requirements of Minnesota Statutes, section 3.98, subdivision 2, estimating the fiscal impact of the rule is available from Richard Hardes, Minnesota Department of Human Services, 4th floor Centennial Office Building, 658 Cedar Street, St. Paul, Minnesota 55155; telephone (612) 296-2829.

If no hearing is required, upon adoption of the rule, the rule and the required supporting documents will be submitted to the Attorney General for review as to legality and form to the extent the form relates to legality. Any person may request notification of the date of submission to the Attorney General. Persons who wish to be advised of the submission of this material to the Attorney General, or who wish to receive a copy of the adopted rule, must submit the written request to Richard Hardes.

Date: 7/9/87

Vicki Sleeper for
SANDRA S. GARDEBRING
Commissioner

IN THE MATTER OF THE PROPOSED ADOPTION
OF RULES RELATED TO THE ALLOCATION OF
FEDERAL DOLLARS RECEIVED FOR ADMINISTRATIVE
AND TRAINING COSTS INCURRED UNDER TITLE IV-E
OF THE SOCIAL SECURITY ACT AND FOR
ADMINISTRATIVE COSTS INCURRED IN PROVIDING
SOCIAL SERVICES UNDER TITLE XIX.

STATEMENT OF NEED
AND REASONABLENESS

I.
INTRODUCTION

A. GENERAL INFORMATION

In the winter of 1985 the Department of Human Services began a study of the sources of funding for county administrative and training costs. As a result of the study the department discovered that not all eligible expenditures under the Title IV-E program and the Title XIX program were being claimed by the state on behalf of counties. To aid the department in determining how to more effectively use these funding sources, the department entered into a contract with D'Amico Associates, a consulting firm specializing in state agency claiming and disbursement practices under Title IV-E and other federal programs (see exhibit 1 for copy of contract). The D'Amico firm is the acknowledged national expert in the use of Title IV-E assistance and has provided training and management services in this area to seventeen states. The department also formed a thirteen member county advisory task force composed of county directors and social service supervisors to assist in this effort (see exhibit 2 for list of task force members).

After careful analysis of current claiming practices and the effects of proposed changes, the department established a new method of determining reimbursable administrative and training costs and submitting claims. The new method was submitted to the United States Department of Health and Human Services in December of 1985 and approved in August of 1986 to become effective on October 1, 1986 (see exhibit 3).

Under the new method of determining administrative and training costs, the counties are required to participate in random moment studies. These studies are designed to determine the activities on which county social workers spend their time. From these studies the department can determine the percentage of time counties spend on reimbursable activities. The department then uses the percentage, in conjunction with cost pool and caseload data, to calculate the federal claim to be submitted for the state. The department intends to use the equations explained in these rule parts to distribute the money received from the federal government to the counties. These equations were developed in the course of developing the new method for claiming federal reimbursement.

B. EFFECT OF CHANGE IN CLAIMING AND DISBURSEMENT METHODS

Prior to the use of the random moment studies each county was permitted to submit claims for the administrative costs associated with these programs. Reimbursement to the counties was based on the claims submitted. Not all counties submitted claims and there was considerable variance in the amounts submitted (see exhibit 4).

Under the new method of calculating federal reimbursement, the state will be eligible for more reimbursement because the state claim will include

APPROVED

administrative costs for all counties. In addition, the disbursement formulae established in these rule parts will result in a more equitable distribution of funds by ensuring that each county is reimbursed on the basis of its total social service expenditures and the number of clients in the county who are eligible for services under the Title IV-E and XIX programs.

C. STATUTORY AUTHORITY

The department has authority to supervise county administration of child welfare programs. See Minnesota Statutes, section 393.07, subdivision 1. The department also has authority to administer, by administrative rule, all federal grants-in-aid for relief of the poor. See Minnesota Statutes, section 256.011, subdivision 1.

Since Title IV-E is a child welfare program, the department has authority to supervise counties in their administration of the Title IV-E program pursuant to Minnesota Statutes, section 393.07, subdivision 1. Moreover, since Titles IV-E and XIX are need-based programs, the federal money received under these programs is properly characterized as federal grant-in-aid relief for the poor. Therefore, the department has authority to prescribe the method of distributing federal IV-E and XIX dollars by rule pursuant to Minnesota Statutes, section 256.011, subdivision 1.

D. RULE DEVELOPMENT

The new claiming and disbursement methods discussed above directly affect the public and have general applicability and future effect. Therefore, statements implementing these methods are, by definition, administrative rules and must be promulgated as rules under the provisions of the administrative procedure act. See Minnesota Statutes, section 14.01, subdivision 4 and section 14.06. Moreover, under Minnesota Statutes, section 256.011, subdivision 1, the department's authority to supervise the administration of federal grants-in-aid for relief of the poor must be exercised through "rules . . . adopted by the commissioner of human services."

In response to the need for rulemaking, the department published a notice of solicitation in the State Register on June 9, 1986 and a follow-up notice of solicitation on August 11, 1986 (see exhibits 5 and 6). On October 29, 1986, the commissioner notified county directors of the department's intent to promulgate rules to govern the disbursement of federal training and administrative funds under Titles IV-E and XIX (see exhibit 7).

Since publication of the notice of solicitation, the department has prepared several drafts of the rules in close consultation with D'Amico Associates and county representatives. Specifically, each of the last three drafts of the rules has been reviewed by a county advisory task force composed of directors and supervisors from a cross-section of counties in Minnesota. A draft of the rules was also reviewed on February 26, 1986 by the rules committee of the Minnesota Association of County Social Service Administrators. In addition, the department has (1) responded to all county director requests for information or discussion on matters related to the IV-E/XIX rules and (2) provided counties with all informational bulletins that address areas relevant to these rules.

II.
SPECIFIC RULE PROVISIONS

The specific provisions of proposed rule parts 9550.0300 to 9550.0370 are affirmatively presented by the department in the following narrative in accordance with the provisions of the Minnesota Administrative Procedure Act, Minnesota Statutes, chapter 14 and the rules of the Attorney General's Office.

PART 9550.0300 PURPOSE

This part states the purpose of parts 9550.0300 to 9550.0370. The part is necessary to help persons determine whether they will be affected by the rule provisions. This provision is a reasonable way of enabling the public to make this determination.

PART 9550.0310 DEFINITIONS

This part defines words and phrases that have a meaning specific to parts 9550.0300 to 9550.0370 or that may have several possible interpretations. Terms that are used in a manner consistent with common use in the human services field are not defined unless a definition is necessary to clarify the rule parts.

Subpart 1. Scope. This provision is needed to clarify that the definitions apply to the entire sequence of parts 9550.0300 to 9550.0370. It is reasonable to define all terms in one place to avoid unnecessary repetition of definitions.

Subpart 2. Commissioner. This definition is necessary to clarify that the term "commissioner" as used in these rule parts is an abbreviation for the commissioner of the Minnesota Department of Human Services. It is reasonable to use this abbreviation to shorten the length of the rule parts.

It is necessary to include within the definition persons to whom the commissioner can delegate the functions described in the rule parts because it would be physically impossible for the commissioner to perform all of the tasks for which the commissioner is responsible. It is reasonable to allow the commissioner to delegate these responsibilities to qualified staff to facilitate the implementation of the rule parts.

Subpart 3. County board. This definition is necessary to clarify who is responsible for authorizing the local agency to provide community social services. The definition given is consistent with the definition in parts 9550.0010 to 9550.0092, the rules which establish the minimum standards for the administration of community social services by county boards of commissioners. It is reasonable to use the definition used in parts 9550.0010 to 9550.0092 because the rules apply to the same governmental bodies.

Subpart 4. Department. This definition is necessary to provide an abbreviated means of referring to the Minnesota Department of Human Services in these rule parts. It is reasonable to use an abbreviation in order to shorten the length of the rule parts.

Subpart 5. Local agency. This definition is necessary to provide an abbreviated means of referring to the local social service agency in these rule parts. This definition is the same as the definition contained in parts 9550.0010 to 9550.0092. It is reasonable to use the same definition in these rule parts because the rules affect the same governmental bodies. Using the same definition improves consistency between the department rules which makes the rules less confusing for agencies that are affected by more than one rule.

Subpart 6. Social service cost pool. This definition identifies the costs used in the equations set forth in these rule parts. It is necessary to define these costs to ensure that the same costs are reported by each county. It is reasonable to include only costs "incurred by local agencies in providing community social services" because those are the costs reimbursable by the federal programs from which the department receives the funds to be distributed using the equations contained in these rule parts. It is reasonable to exclude costs not allocated through the social service time study because the time study allocates all expenditures which could be federally reimbursable as administrative and training costs under Titles IV-E and XIX. If expenditures have no potential for federal reimbursement as administrative or training costs under Titles IV-E or XIX, they are not relevant to these rule parts.

Subpart 7. Social service time study. This definition is necessary to clarify the method by which the amount of federal reimbursement for administrative expenses under Titles IV-E and XIX is determined. The method is reasonable in that it has been developed with the expertise of the D'Amico Associates consulting firm and accepted as valid by the United States Department of Health and Human Services (see exhibit 3). Moreover, the time study uses statistically valid methodology applied on a state-wide basis.

Subpart 8. Substitute care. This definition is necessary because the term has a specific meaning within the context of these rules. Eligibility under Title IV-E is conditioned, in part, on placement in a "foster family home for children" which is licensed by the State or approved by the appropriate State agency, or placement in a "nonprofit private or public child-care institution" which accommodates no more than twenty-five children and which is licensed by the State or approved by the appropriate State agency. See 42 U.S.C., section 672. These Title IV-E eligible placements, however, comprise only a portion of the out-of-home placements of children in Minnesota. To accurately determine a county's administrative costs under Title IV-E, the department must determine the ratio of Title IV-E-eligible children to children in out-of-home placements. Therefore, this definition is reasonable because it includes all out-of-home placements recognized by Minnesota law. These out-of-home placements are set forth in Minnesota Statutes, section 257.071, subdivision 1.

Subpart 9. Title IV-E. This definition is necessary to provide an abbreviated means of referring to this program. It is reasonable to use this title for the program because it is commonly used by the state and counties responsible for administering the program.

Subpart 10. Title IV-E money. This definition is necessary to clearly identify the funds used in the equation in part 9550.0320. This definition is reasonable because it refers to the Title IV-E funds that are the subject of these rule parts.

Subpart 11. Title XIX. This definition is necessary to provide an abbreviated means of referring to this program. It is reasonable to use this title for the program because it is commonly used by the state and county workers responsible for administering the program.

Subpart 12. Title XIX money. This definition is necessary to clearly identify the funds used in the equation in part 9550.0330. The definition is reasonable because it refers to the Title XIX funds that are the subject of these rule parts, namely administrative and training costs associated with providing social services to medical assistance recipients.

PART 9550.0320 TITLE IV-E REIMBURSEMENT

This part is necessary to set forth the equation to be used in distributing the Title IV-E administrative and training money received by the department. This equation was developed by the department in consultation with D'Amico Associates and a county advisory task force.

The equation is reasonable because the variables in the formula are highly probative of a local agency's administrative and training expenses under Title IV-E as explained by Allen Meyer of D'Amico Associates in exhibit 8. Other variables and methodologies were considered by the department and D'Amico Associates; however, the formula set forth in this rule part was found to provide the most accurate measure of a county's administrative and training costs under Title IV-E. Moreover, the formula has been reviewed extensively without objection by the IV-E task force comprised of a cross-section of the counties that will be affected by the equation. The formula has also been reviewed by the County Director's Association Rules Committee which has not raised any objections concerning the formula.

PART 9550.0330 TITLE XIX REIMBURSEMENT

This part is necessary to set forth the equation to be used in distributing the Title XIX money received by the department. This equation was developed by the department in consultation with D'Amico Associates and a county advisory task force.

The equation is reasonable because the variables in the formula are highly probative of a local agency's administrative expenses under Title XIX as explained by Allen Meyer of D'Amico Associates in exhibit 8. Other variables and methodologies were considered by the department and D'Amico Associates; however the formula set forth in this rule part was found to provide the most accurate measure of a county's administrative and training costs under Title XIX. Moreover, the formula has been reviewed extensively without objection by the same county task force that has been reviewing the IV-E formula. Again, as with the IV-E formula, the Director's Association Rules Committee has reviewed the Title XIX formula without raising any objections concerning the formula.

The need to use square roots in the equation is explained in exhibit 9 by Robert Sherman, statistician with the D'Amico consulting firm.

PART 9550.0340 ADMINISTRATIVE CONDITIONS

Subpart 1. Reporting Requirements. This subpart is necessary to ensure that the department has the information needed to determine the state's federal claims under Titles IV-E and XIX and to calculate the disbursement of the state's claim to the counties.

Item A. This item is needed to enable the department to determine the amount it may claim from the federal government. The social service time studies are the foundation of these federal claims. Moreover, it is absolutely essential that all counties submit the necessary time study data since the time studies are only valid on a state-wide basis. Therefore, this item is a reasonable means of ensuring that the state receives all the federal money it is entitled to receive.

Item B. This item is necessary to enable the department to obtain federal reimbursement and make the disbursement calculations under the formulae specified in these rule parts. It is reasonable to require the information specified in subitems (1) through (3) because these data are the precise data needed to obtain federal reimbursement and make the disbursement calculations. Indeed, each piece of information required under this item corresponds to a variable in the disbursement formulae. The only variable not addressed in this item is the number of medical assistance clients on a county's caseload. This variable is ommitted from this item because the information can be generated by the department without reliance on county reports submitted under these rule parts.

A reporting deadline is necessary to enable the department to obtain federal reimbursement without long delays. The 20 day deadline specified in this rule provision is reasonable in light of federal reporting practices applicable to the department. Under these reporting practices, the federal agency expects states to file their federal claims for reimbursement under Titles IV-E and XIX within 30 days after the end of each quarter. If the department fails to submit its claim to the federal agency within this 30 day period, reimbursement for the quarter may be delayed for a period of years. The 20 day deadline established in this rule item allows the department the necessary ten days to compile the information received and prepare the states's IV-E and XIX claims for submission to the federal agency within the allotted period. The 20 day deadline is also reasonable in light of existing time-limits on county reporting in the area of social services. For example, counties have only 15 days to submit community social service reports under Minnesota Statutes, section 256E.08, subdivision 8.

Subpart 2. Penalty. This subpart is necessary to ensure compliance with the reporting requirements of subpart 1. Indeed, the county task force expressed concern about compliance and most members urged the inclusion of a penalty provision in these rules (see exhibit 10).

It is reasonable to delay disbursement to a county until the county has submitted the required information because, without the required information, the department cannot calculate that county's share of funds. The twenty percent penalty is reasonable because it is consistent with Minnesota Statutes, section 256E.08, subdivision 1, clause (6) which establishes a penalty of up to 20% for failure to meet the reporting requirements associated with community social services. Moreover, the county task force did not object to the 20 percent figure.

The basis for distributing the penalty money is reasonable because it ensures that counties receive penalty money in proportion to their needs under Titles IV-E and XIX as determined through the formulae in parts 9550.0320 and 9550.0330. It is reasonable not to distribute penalty money back to penalized counties because this was the recommendation of the county advisory task force (see exhibit 11). Moreover, distributing the money to penalized counties would undermine the purpose of the penalty by diminishing its effect.

PART 9550.0350 DISALLOWANCES.

This definition is necessary to provide a mechanism to pay disallowances that result from federal audit exceptions. It is reasonable to obtain the funds needed to pay disallowances from the counties since the counties, not the department, are the ultimate recipients of all federal money to which any disallowances would apply. In other words, the excess money to which the state is not legally entitled would be in the possession of the counties. This rule part requires each county to share the disallowance in accordance with its percentage share of the disbursement for the quarter to which the disallowance applies. This is reasonable because it ensures that counties contribute in proportion to the amount of the money at issue they have received.

PART 9550.0360 HOLD HARMLESS CLAUSE.

The new claiming procedures implemented by these rules will have a negative fiscal impact on a small minority of counties (see exhibit 12). This part is necessary to minimize the fiscal impact on those counties by giving them time to make adjustments in their budgeting and avoid any major disruption in services. It is reasonable to obtain funds for this provision from counties that did not claim any reimbursement in 1985 because it ensures that no counties will receive less in 1986 than they did in 1985. The April 1, 1987 date specified in this rule part is reasonable because all counties that filed a Title IV-E claim for 1985 as permitted by these rule parts will have received their Title IV-E money by this date. This is because of the 12 month limit on prior period adjustments in part 9550.0370, subpart 2. Given the 12 month limit, October of 1986 was the last month to file a Title IV-E claim for 1985 and any claims filed by October will be received by April 1, 1987.

PART 9550.0370 PRIOR PERIOD ADJUSTMENT

Subpart 1. Prior adjustments permitted. This subpart is necessary to specify how prior adjustments will be treated. The method specified in this subpart is reasonable because it uses the disbursement formulae. Prior adjustment money could not be distributed or collected fairly without using the formulae because an adjustment by one county's prior report invariably affects the entire disbursement for the prior period. Therefore, to ensure fair treatment of all counties, all counties must share in the benefit or loss that results from a prior adjustment.

Subpart 2. Limitation on prior adjustments. Prior adjustments have a number of negative effects on the states making them. They add a substantial administrative burden to the agency responsible for calculating and filing the adjusted claim and they could invalidate prior

budget projections. Moreover, prior adjustments could reduce the prior claims of counties that reported in a timely manner thereby rewarding the prior claimants at the expense of those who provided their claim reports within the required time period. The one year period established in this subpart is reasonable because limits the negative impact of prior adjustments and does so within the maximum two year period permitted by federal law. Moreover, the one year period is supported by the county advisory task force.

CONCLUSION

The foregoing statements and information demonstrate the need for and reasonableness of proposed parts 9550.0300 to 9550.0370.

Vicki Sleeper for
Sandra S. Gardebring, Commissioner
Minnesota Department of Human Services

Dated: 7/9/87

Exhibit #1

STATE OF MINNESOTA

CONTRACTUAL (non-state employee) SERVICES

Trn. No.	Account I.D.	Organization	F.Y.	Requisition No.	Vendor Number	Type	Terms	Cost Code 5	C. CD.1	C. CD.2	C.CD.3
A40	153684	55000	5	90870	0179870006	V	000NET	/	/	/	/

Cost Code 4	Amount	Suffix	Object
/	26,687.00	01	1600 / SEND

TYPE OF TRANSACTION:

☒ A40 ☐ A41 041585 (Date) 04352 (Number) Entered by

☐ A44 ☐ A45 ☐ A46 _____ (Date) _____ (Number) Entered by _____

NOTICE TO CONTRACTOR: You are required by Minnesota Statutes, 1981 Supplement, Section 270.66 to provide your social security number or Minnesota tax identification number if you do business with the State of Minnesota. This information may be used in the enforcement of federal and state tax laws. Supplying these numbers could result in action to require you to file state tax returns and pay delinquent state tax liabilities. This contract will not be approved unless these numbers are provided. These numbers will be available to federal and state tax authorities and state personnel involved in the payment of state obligations.

THIS CONTRACT, which shall be interpreted pursuant to the laws of the State of Minnesota, between the State of Minnesota, acting through its Department of Human Services (hereinafter STATE) and Data Management Associates address 40 Colvin Ave., Albany, New York 11206

Soc. Sec. or MN Tax I.D. No. _____ Federal Employer I.D. No. (if applicable) 14-1616037 (hereinafter CONTRACTOR), witnesseth that:

WHEREAS, the STATE, pursuant to Minnesota Statutes 256.01 is empowered to enter into contracts.

WHEREAS, The Department of Human Services is in need of training in the preperation of a new Title IV-E plan, cost allocation proposal, training plan, and increasing Federal IV-E dollars, and

WHEREAS, CONTRACTOR represents that it is duly qualified and willing to perform the services set forth herein, for the state.

NOW, THEREFORE, it is agreed:

I. CONTRACTOR'S DUTIES (Attach additional page if necessary). CONTRACTOR, who is not a state employee, shall:

Provide 166 (individual) training days to the Department of Human Services staff regarding Title IV-E and related matters specified in Attachment A. Contractor agrees to perform the duties listed in Attachment A, which is hereby incorporated by reference.

II. CONSIDERATION AND TERMS OF PAYMENT.

A. Consideration for all services performed and goods or materials supplied by CONTRACTOR pursuant to this contract shall be paid by the STATE as follows:

1. Compensation $760 per individual teacher training day as further specified in Attachment A.

2. Reimbursement for travel and subsistence expenses actually and necessarily incurred by CONTRACTOR performance of this contract in an amount not to exceed zero dollars ($ 0); provided, that CONTRACTOR shall be reimbursed for travel and subsistence expenses in the same manner and in no greater amount than provided in the current "Commissioner's Plan" promulgated by the Commissioner of Employee Relations. CONTRACTOR shall not be reimbursed for travel and subsistence expenses incurred outside the State of Minnesota unless it has received prior written approval for such out of state travel from the STATE.

The total obligation of the STATE for all compensation and reimbursements to CONTRACTOR shall not exceed One hundred twenty six thousand, one hundred and sixty dollars ($ 126,160.).

B. Terms of Payment 50000:30-20 Aid 153684

1. Payments shall be made by the STATE promptly after CONTRACTOR'S presentation of invoices for services performed and acceptance of such services by the STATE'S authorized agent pursuant to Clause VI. Invoices shall be submitted in a form prescribed by the STATE and according to the following schedule:

Monthly, in accordance with individual training days provided set forth according to the schedule in Attachment A. Payment rate is $760 per individual training day.

2. (When applicable) Payments are to be made from federal funds obtained by the STATE through Title _____ of the _____ Act of _____ (Public law _____ and amendments thereto). If at any time such funds become unavailable, this contract shall be terminated immediately upon written notice of such fact by the STATE to CONTRACTOR. In the event of such termination, CONTRACTOR shall be entitled to payment, determined on a pro rata basis, for services satisfactorily performed.

III. CONDITIONS OF PAYMENT. All services provided by CONTRACTOR pursuant to this contract shall be performed to the satisfaction of the STATE, as determined in the sole discretion of its authorized agent, and in accord with all applicable federal, state and local laws, ordinances, rules and regulations. CONTRACTOR shall not receive payment for work found by the STATE to be unsatisfactory, or performed in violation of federal, state or local law, ordinance, rule or regulation.

IV. TERM OF CONTRACT. This contract shall be effective on April 15, 19 85, or upon such date as it is executed as to encumbrance by the Commissioner of Finance, whichever occurs later, and shall remain in effect until April 14, 19 86, or until all obligations set forth in this contract have been satisfactorily fulfilled, whichever occurs first.

V. CANCELLATION. This contract may be cancelled by the STATE or CONTRACTOR at any time, with or without cause, upon thirty (30) days' written notice to the other party. In the event of such a cancellation CONTRACTOR shall be entitled to payment, determined on a pro rata basis, for work or services satisfactorily performed.

VI. STATE'S AUTHORIZED AGENT. The STATE'S authorized agent for the purposes of administration of this contract is Charles L. Fecht, Assoc. Director, Social Services Division (612)296-2373. Such agent shall have final authority for acceptance of CONTRACTOR'S services and if such services are accepted as satisfactory, shall so certify on each invoice submitted pursuant to Clause II, paragraph B.

VII. ASSIGNMENT. CONTRACTOR shall neither assign nor transfer any rights or obligations under this contract without the prior written consent of the STATE.

VIII. AMENDMENTS. Any amendments to this contract shall be in writing, and shall be executed by the same parties who executed the original contract, or their successors in office.

IX. LIABILITY. CONTRACTOR agrees to indemnify and save and hold the STATE, its agents and employees harmless from any and all claims or causes of action arising from the performance of this contract by CONTRACTOR or CONTRACTOR'S agents or employees. This clause shall not be construed to bar any legal remedies CONTRACTOR may have for the STATE'S failure to fulfill its obligations pursuant to this contract.

X. STATE AUDITS. The books, records, documents, and accounting procedures and practices of the CONTRACTOR relevant to this contract shall be subject to examination by the contracting department and the legislative auditor.

XI. OWNERSHIP OF DOCUMENTS. Any reports, studies, photographs, negatives, or other documents prepared by CONTRACTOR in the performance of its obligations under this contract shall be the exclusive property of the STATE and all such materials shall be remitted to the STATE by CONTRACTOR upon completion, termination or cancellation of this contract. CONTRACTOR shall not use, willingly allow or cause to have such materials used for any purpose other than performance of CONTRACTOR'S obligations under this contract without the prior written consent of the STATE.

XII. AFFIRMATIVE ACTION. (When applicable) CONTRACTOR certifies that it has received a certificate of compliance from the Commissioner of Human Rights pursuant to Minnesota Statutes, 1981 Supplement, Section 363.073.

XIII. WORKERS' COMPENSATION. In accordance with the provisions of Minnesota Statutes, 1981 Supplement, Section 176.182, the STATE affirms that CONTRACTOR has provided acceptable evidence of compliance with the workers' compensation insurance coverage requirement of Minnesota Statutes, 1981 Supplement, Section 176.181, Subdivision 2.

XIV. ANTITRUST. CONTRACTOR hereby assigns to the State of Minnesota any and all claims for overcharges as to goods and/or services provided in connection with this contract resulting from antitrust violations which arise under the antitrust laws of the United States and the antitrust laws of the State of Minnesota.

XV. OTHER PROVISIONS. (Attach additional page if necessary):

Contractor also agrees to additional provisions in Attachments B and C, which is hereby incorporated as part of the contract.

IN WITNESS WHEREOF, the parties have caused this contract to be duly executed intending to be bound thereby.

APPROVED: **NOTE: Remove carbons before obtaining signatures.**

① CONTRACTOR:
(If a corporation, two corporate officers must execute.)

By [signature]
Title President
Date 4/10/85

By [signature]
Title Vice President
Date 4/10/85

② STATE AGENCY OR DEPARTMENT:

By (authorized signature) [signature]
Title Ass. Director
Date 4/16/85

③ As to form and execution by the ATTORNEY GENERAL:

By Maureen W. Bebles
Date 4/18/85

④ COMMISSIONER OF ADMINISTRATION:

By (authorized signature) ORIGINAL SIGNED BY
Date APR 22 1985

DOROTHY LOVEJOY

⑤ COMMISSIONER OF FINANCE:

By (Encumbrance Center authorized signature) Original Signed by N. LYNCH
Date APR 23 1985

White – Finance Department
Canary – Contractor
Pink – Agency Suspense Copy
Blue – Agency Accounting Unit
Salmon – Administration Department
Green – Agency Work Copy

Provide 166 training days on seven work topics for the Department of Human Services staff regarding Title IV-E and related matters specified below.

One training day is hereby defined as eight working hours, by one teaching staff member, performed between the hours of 8:30 AM to 4:30 PM, at the Minnesota Department of Human Services administrative office building, St. Paul, Minnesota. Time excluded from consideration of the foregoing are weekends, travel to and from Data Management Associates corporate headquarters, and days previously utilized in preparing training materials.

Topic 1 - Development of a Charge Structure, and Revised Social Service Cost Allocation Plan

24 training days conducted on the Development of a Charge Structure and a revised Department of Human Services, Social Services Cost Allocation Plan. Training content and expertise will focus predominately on: methodology for determining Department of Human Services child welfare expenditures; methodology for determining charge structure including direct charges, allocated direct charges, indirect charges, contract activity; alternate decision making models concerning ambiguous charges; and identification of any modifications to current Department of Human Services accounting procedures.

Topic 2 - Development of a Department of Human Services Time Measurement System

26 training days conducted on the development of a Department of Human Services Time Measurement System. Training content and expertise will focus on: sampling methodologies, data collection, analysis, defining current users and usages of the system or systems, and initial and on going implementation modalities.

Topic 3 - Former and Current Federal Policy on Title IV-E Eligibility

27 training days directed at former and current Federal policy on Title IV-E as it related to individual child eligibility for the IV-E program. The content of these training days will speak to:

a. Legislative history of the AFDC Foster Care from the 1961 Amendments to the Social Security Act thru Public Law 96-272 and its amendments.

b. Current Federal Regulations and rationales given related to the Title IV-E program.

c. Eligibility components including AFDC or SSI relationships, individual child welfare including legal status, state systems criteria.

d. Child process and documentation requirements.

Topic 4 - Technical Review of Current Title IV-E Eligibility Procedures

28 training days presenting an anaylsis, review, and direction on operational endeavors which would assume that all children entering state custody are assessed for Title IV-E eligibility, and if found eligible, payments on their behalf are properly documented. Training events will include: Technical review of current Title IV-E eligibility procedures; practicum on development and documentation of IV-E procedures; methodology for developing initial and ongoing training packages for IV-E eligibility procedures; practicum or training affected staff; implementation of procedures and methodology for monitoring implementation.

Topic 5 - Review Existing New IV-E Caseload

20 training days directed at methodology and approaches to review existing non-IV-E caseload to capture and record any children in this population who were IV-E eligible when they came into care. Sessions will be focused on methodology for developing criteria for the review, case selection procedures, individual case review materials and instructions, case review procedures and responsibilities; training of state Review Team and issues regarding the implementation of the review.

Topic 6 - Development of a Retroactive IV-E Claim

14 days training is to be provided at developing a retroactive IV-E claims, retro-limited to the previous two federal years. Instruction will be transmitted to Department of Human Services staff on the legal issues in making such a claim, development and submittal of an administrative claim, methodology for development and submittal of a maintenance claim, and documentation necessary to support such claims.

Topic 7 - Development of a Title IV-E Maintenance Claim for Licensed Child Group Care Facilities

27 training days directed at analyzing and developing Title IV-E maintenance claims for licensed child group care facilities. Training to guide Department of Human Services personnel will include:

a. Review of current cost finding practices in child group homes and institutions;

b. Rate setting procedures and structure in group homes and institutions;

c. Allowable federal costs in these facilities under Title XX, IV-B, IV-E, and

d. Other states approaches in categorizing and collecting costs in group care facilities.

For the purposes of this contract:

Data Management Associates teaching staff will consist of the following six individuals: Alfred J. DiBernardo, Rocco D'Amico, Carl Valentine, Patricia McConnell, Robert Sherman and Edward Chew. Training days will be provided according to the individuals as specified in the following chart.

Person-Days

Topic	AD	RD	CV	PM	RS	EC	Total
1	1	8	4	3	4	4	24
2		6	6	9	5	0	26
3		6	9	8	0	4	27
4		6	7	11	0	4	28
5		6	6	4	0	4	20
6		3	4	0	3	4	14
7	1	6	8	8	0	4	27
Total	2	41	44	40	43	24	166

If circumstances dictate a change in these staffing projections, modification is possible through the written consent of both parties prior to the day or days of training being presented.

Scheduling of the training days by work area is ordered according to the following schedule.

Area 1 - Week one thru week eight.
Area 2 - Week one thru eighteenth week.
Area 3 - Week eight thru eighteenth week.
Area 4 - Eleventh week thru twenty-sixth week.
Area 5 - Sixteenth week thru twenty-sixty week.
Area 6 - Thirteenth week thru twenty sixth week.
Area 7 - Fifteenth week thru twenty-sixth week.

Modifications to the preceeding work schedule may be made with the written consent of both parties.

For the purposes of executing its responsibilities, and to the extent set forth in this contract, the contractor shall be considered part of the welfare system as defined in Minnesota Statutes, section 13.46, subdivision 1. The contractor's employees and agents shall have access to private or confidential data maintained by the Department of Human Services to the extent necessary to carry out its responsibilities under the contract. The contractors agrees to comply with all the requirements of the Minnesota Government Data Practices Act in providing services under this contract. Rocco D'Amico is the responsible authority in charge of all data collected, used, or disseminated by the contractor in connection with the performance of this contract. See Minnesota Statutes, Laws 1984, chapter 436, section 24 amending Minnesota Statutes, section 13.46, subdivision 10. Contractor accepts responsibility for providing adequate supervision and training to its agents and employees to ensure compliance with the Act. No private or confidential data collected, maintained, or used in the course of performance of this contract shall be disseminated except as authorized by statute, either during the period of this contract or thereafter. The contractor agrees to indemnify and save and hold the state, its agents and employees, harmless from all claims arising out of, resulting from, or in any manner attributable to any violation of any provision of the Minnesota Government Data Practices Act, including legal fees and disbursements paid or incurred to enforce the provisions of this agreement.

ATTACHMENT C

Choice of Law: Choice of Forum

This agreement shall in all respects be governed by the laws of Minnesota, except to the extent inconsistent with or governed by any federal law or regulation. Any dispute between the parties which arises out of this agreement shall be heard in a court of competent jurisdiction within the State of Minnesota.

STATE OF MINNESOTA
DEPARTMENT OF HUMAN SERVICES

AMOUNT
$ 0.00

Data Management Associates
40 Colvin Avenue
Albany, NY 11206
14-1616037

AMENDMENT NO. 1 TO CONTRACT NO. 55000-90870 (FY5)
91520 (FY6)

WHEREAS, the State of Minnesota, Department of Human Services, has a contract identified as Contract No. 55000-90870 (FY5) - 91520 (FY6) with Data Management Associates, hereinafter called "the Contractor", to provide training to the Department of Human Services staff regarding Title IV-E and related matters; and

WHEREAS, according to the attached Assignment Agreement, Data Management would like to assign to Mr. Rocco D'Amico, 6303 Crathie Lane, Bethesda, Maryland 20816, hereinafter called "the Assignee", all of Data Management's rights, duties and obligations, title and interest in the above-referenced State Contract; and

WHEREAS, the State of Minnesota, Department of Human Services, has no objection to the assignment of this contract; and

WHEREAS, there remains to be paid under the above-referenced contract, compensation in the amount of $33,630; and

WHEREAS, certain duties remain to be performed under this contract;

NOW, THEREFORE, the state and the contractor agree to amend Contract No. 55000-90870 (FY5) - 91520 (FY6), as follows:

1. The compensation remaining to be paid under this contract, in the amount of $33,630, shall be paid to Mr. Rocco D'Amico, the Assignee, and no monies shall be owing by the state to Data Management Associates for any services already performed or yet to be performed under this contract.

2. Attachment A of the above-referenced contract is amended by specifying under the appropriate topic numbers that the following duties are still to be completed under this contract:

Topic 5:

The Assignee will be in attendance at the following Title IV-E Revenue Enhancement Training Sessions.

April 15, 1986	Rochester	Holiday Inn South, 1630 South Broadway
April 16, 1986	Mankato	Holiday Inn Downtown, 101 Main Street
April 17, 1986	Marshall	Best Western, 1500 East College Drive
April 21, 1986	Metro	Arden Hills Training Center 1900 W. County Rd. I (Hwy 35W)
April 22, 1986	Metro	Veterans Service Building, Room D, St. Paul
May 6, 1986	Grand Rapids	Holiday Inn, 2301 Pokegama Avenue South
May 7, 1986	Thief River Falls	Public Library
May 8, 1986	Fergus Falls	Holiday Inn, I-94 and Highway 210

All workshop sessions will be 9 a.m. to 4 p.m.

Topic 6:

The Assignee will direct and train DHS staff in submittal of quarterly retroactive IV-E claims for the last three quarters of FFY 1984 and all four quarters of FFY 1985.

Topic 7:

The Assignee will train DHS staff in methods of allocating child group facility rate changes and will provide DHS staff with a document which details that methodology.

Except as herein amended, all other provisions of the original agreement remain in full force and effect.

IN WITNESS THEREOF, the parties here executed this contract on the day and year last specified below.

Approved:

CONTRACTOR:

By: [signature] _____

Title: President _____

Date: 4/10/86 _____

As to form and execution by the ATTORNEY GENERAL:

By: _____

Date: _____

ASSIGNEE:

By: [signature] _____

Title: Sole Proprietor _____

Date: 4/14/86 _____

COMMISSIONER OF ADMINISTRATION:

By: _____

Date: _____

STATE AGENCY OR DEPARTMENT

By: _____

Title: _____

Date: _____

COMMISSIONER OF FINANCE:
ENCUMBERED
DEPARTMENT OF FINANCE

By: _____

Date: _____

STATE OF MINNESOTA

CONTRACTUAL (non-state employee) SERVICES

Trn. No.	Account I.D.	Organization	F.Y.	Requisition No.	Vendor Number	Type	Terms	Cost Code 5	C. CD.1	C. CD.2	C.CD.3
A40	153684	55000	7	99809	139793000	V		/	/	/	/

Cost Code 4	Amount	Suffix	Object	
/	105,000 00	01	166	$END

TYPE OF TRANSACTION:

☑ A40 ☒ A41 092656 (Date) 06354 (Number) Entered by [illegible]

092986 (Date) 05318 (Number)

☐ A44 ☐ A45 ☐ A46 _____ (Date) _____ (Number) Entered by _____

NOTICE TO CONTRACTOR: You are required by Minnesota Statutes, 1981 Supplement, Section 270.66 to provide your social security number or Minnesota tax identification number if you do business with the State of Minnesota. This information may be used in the enforcement of federal and state tax laws. Supplying these numbers could result in action to require you to file state tax returns and pay delinquent state tax liabilities. This contract will not be approved unless these numbers are provided. These numbers will be available to federal and state tax authorities and state personnel involved in the payment of state obligations.

THIS CONTRACT, which shall be interpreted pursuant to the laws of the State of Minnesota, between the State of Minnesota, acting through its **Human Services Department** (hereinafter STATE) and **D'Amico Associates** address **6303 Crathie Lane, Bethesda, MD 20816**

Soc. Sec. or MN Tax I.D. No. _____ Federal Employer I.D. No. (if applicable) **52-1427357**, (hereinafter CONTRACTOR), witnesseth that:

WHEREAS, the STATE, pursuant to Minnesota Statutes **256.01** is empowered to **enter into contracts**, and

WHEREAS, **the Department of Human Services is in need of training on Title IV-E Administrative and eligibility requirements; Federal objections to Cost Allocation Plan awaited, one time child eligibility study,** and

WHEREAS, CONTRACTOR represents that it is duly qualified and willing to perform the services set forth herein, **restructured child group facility rates.**

NOW, THEREFORE, it is agreed:

I. CONTRACTOR'S DUTIES (Attach additional page if necessary). CONTRACTOR, who is not a state employee, shall:

Perform the duties specified in Attachment A, which is hereby incorporated by reference.

II. CONSIDERATION AND TERMS OF PAYMENT.

A. Consideration for all services performed and goods or materials supplied by CONTRACTOR pursuant to this contract shall be paid by the STATE as follows:

1. Compensation **As detailed on Attachment A and B, not to exceed $105,000.**

2. Reimbursement for travel and subsistence expenses actually and necessarily incurred by CONTRACTOR performance of this contract in an amount not to exceed **-0-** dollars ($ **-0-**); provided, that CONTRACTOR shall be reimbursed for travel and subsistence expenses in the same manner and in no greater amount than provided in the current "Commissioner's Plan" promulgated by the Commissioner of Employee Relations. CONTRACTOR shall not be reimbursed for travel and subsistence expenses incurred outside the State of Minnesota unless it has received prior written approval for such out of state travel from the STATE.

The total obligation of the STATE for all compensation and reimbursements to CONTRACTOR shall not exceed **One hundred five thousand** dollars ($ **105,000**).

B. Terms of Payment **50000:30-20 Aid: 153684**

1. Payments shall be made by the STATE promptly after CONTRACTOR'S presentation of invoices for services performed and acceptance of such services by the STATE'S authorized agent pursuant to Clause VI. Invoices shall be submitted in a form prescribed by the STATE and according to the following schedule:

Attachment B sets forth payment terms.

2. (When applicable) Payments are to be made from federal funds obtained by the STATE through Title _____ of the _____ Act of _____ (Public law _____ and amendments thereto). If at any time such funds become unavailable, this contract shall be terminated immediately upon written notice of such fact by the STATE to CONTRACTOR. In the event of such termination, CONTRACTOR shall be entitled to payment, determined on a pro rata basis, for services satisfactorily performed.

III. CONDITIONS OF PAYMENT. All services provided by CONTRACTOR pursuant to this contract shall be performed to the satisfaction of the STATE, as determined in the sole discretion of its authorized agent, and in accord with all applicable federal, state and local laws, ordinances, rules and regulations. CONTRACTOR shall not receive payment for work found by the STATE to be unsatisfactory, or performed in violation of federal, state or local law, ordinance, rule or regulation.

IV. TERM OF CONTRACT. This contract shall be effective on September 12, 19 86, or upon such date as it is executed as to encumbrance by the Commissioner of Finance, whichever occurs later, and shall remain in effect until August 12, 19 87, or until all obligations set forth in this contract have been satisfactorily fulfilled, whichever occurs first.

V. CANCELLATION. This contract may be cancelled by the STATE or CONTRACTOR at any time, with or without cause, upon thirty (30) days' written notice to the other party. In the event of such a cancellation CONTRACTOR shall be entitled to payment, determined on a pro rata basis, for work or services satisfactorily performed.

VI. STATE'S AUTHORIZED AGENT. The STATE'S authorized agent for the purposes of administration of this contract is Charles L. Fecht, Assoc. Director, Community Social Services Division (612) 296-2373. Such agent shall have final authority for acceptance of CONTRACTOR'S services and if such services are accepted as satisfactory, shall so certify on each invoice submitted pursuant to Clause II, paragraph B.

VII. ASSIGNMENT. CONTRACTOR shall neither assign nor transfer any rights or obligations under this contract without the prior written consent of the STATE.

VIII. AMENDMENTS. Any amendments to this contract shall be in writing, and shall be executed by the same parties who executed the original contract, or their successors in office.

IX. LIABILITY. CONTRACTOR agrees to indemnify and save and hold the STATE, its agents and employees harmless from any and all claims or causes of action arising from the performance of this contract by CONTRACTOR or CONTRACTOR'S agents or employees. This clause shall not be construed to bar any legal remedies CONTRACTOR may have for the STATE'S failure to fulfill its obligations pursuant to this contract.

X. STATE AUDITS. The books, records, documents, and accounting procedures and practices of the CONTRACTOR relevant to this contract shall be subject to examination by the contracting department and the legislative auditor.

XI. OWNERSHIP OF DOCUMENTS. Any reports, studies, photographs, negatives, or other documents prepared by CONTRACTOR in the performance of its obligations under this contract shall be the exclusive property of the STATE and all such materials shall be remitted to the STATE by CONTRACTOR upon completion, termination or cancellation of this contract. CONTRACTOR shall not use, willingly allow or cause to have such materials used for any purpose other than performance of CONTRACTOR'S obligations under this contract without the prior written consent of the STATE.

XII. AFFIRMATIVE ACTION. (When applicable) CONTRACTOR certifies that it has received a certificate of compliance from the Commissioner of Human Rights pursuant to Minnesota Statutes, 1981 Supplement, Section 363.073.

XIII. WORKERS' COMPENSATION. In accordance with the provisions of Minnesota Statutes, 1981 Supplement, Section 176.182, the STATE affirms that CONTRACTOR has provided acceptable evidence of compliance with the workers' compensation insurance coverage requirement of Minnesota Statutes, 1981 Supplement, Section 176.181, Subdivision 2.

XIV. ANTITRUST. CONTRACTOR hereby assigns to the State of Minnesota any and all claims for overcharges as to goods and/or services provided in connection with this contract resulting from antitrust violations which arise under the antitrust laws of the United States and the antitrust laws of the State of Minnesota.

XV. OTHER PROVISIONS. (Attach additional page if necessary):

Contractor also agrees to Attachments C and D, which are hereby incorporated by reference.

IN WITNESS WHEREOF, the parties have caused this contract to be duly executed intending to be bound thereby.

APPROVED: **NOTE: Remove carbons before obtaining signatures.**

① CONTRACTOR:
(If a corporation, two corporate officers must execute.)

By	[signature]
Title	President
Date	September 8, 1986

By	
Title	
Date	

② STATE AGENCY OR DEPARTMENT:

By (authorized signature)	[signature]
Title	Asst. Commissioner
Date	9/16/86

③ As to form and execution by the ATTORNEY GENERAL:

By	Julie K. Harris
Date	September 23, 1986

④ COMMISSIONER OF ADMINISTRATION:

By (authorized signature)	
Date	

⑤ COMMISSIONER OF FINANCE:

By (Encumbrance Center authorized signature)	
Date	

White – Finance Department

Blue – Agency Accounting Unit

ATTACHMENT A

Task 1:

Training of Department of Human Services staff on the preparation of State Title IV-E claims for federal fiscal year 1986, based upon results of the random moment social service time study. $7,500 is allocated for this task. Products required as outcome indicators of this training effort are the first three quarters of federal fiscal year 1986 Title IV-E claim submittals, and a written procedural guide outlining the steps in the preparation of each quarters claim.

Completion date: December 31, 1986

Task 2:

Training of Department staff on issues relating to federal discussions on the social services cost allocation plan amendments submitted to the Federal Regional Cost Allocation Office in December of 1985. $15,000 is allocated for this task. This task involves the preparation of replies to federal inquiries, attendance at meetings with federal and state staff to negotiate federal approval, assistance and training to state staff in appeal actions and litigating activities as may be necessary to obtain federal approvals, and drafting of cost allocation plan amendments and supporting documents as may be agreed to in department/federal discussions. This task ends with federal approval of all aspects of the cost allocation plan amendments submitted, including retroactively. The contractor agrees that the Department will have prior approval of contractor days to be invested in this task.

Completion date: December 31, 1986.

Task 3:

Training of Department staff in conducting a random moment log study of Minnesota's group facilities serving Title IV-E eligible children, in order to be able to measure more accurately maintenance and administrative costs and to develop a more accurate and representative cost allocation for such facilities. $42,000 is allocated for this task. This task has the following components:

1. Training Department staff in the preparation of the conceptual and procedural documents to conduct a random moment log survey of all Minnesota group facilities serving IV-E eligible children, for submission and approval by the Health and Human Services Department Regional Office.

2. Development of a training curriculum for host county and for facilities staff on the procedure for distinguishing cost categories, conducting a random moment log survey of a facility, and reporting results to the Department.

3. Training of host county staff and of facilities' staff in the curriculum in #2 above, in six sessions at locations around the state.

4. Training of Department staff in the management of the random moment log survey, in establishing appropriate operational capability to process data submitted by facilities in order to determine accurately the proper proportions and allocations of facility costs to maintenance, administration, and other categories.

5. Training of Department staff in the preparation of a cost allocation plan (CAP) amendment effecting the incorporation of the random moment log survey and its results in the State's CAP as the method of calculating the State IV-E claim for group facilities.

6. Training of the Department staff in the calculation and submission of a state IV-E claim for group facilities, based on the results of the random moment log survey and on quarterly information as numbers of IV-E children in group facilities and charges for such children in such facilities.

7. Training of Department staff in the development of retroactive claims based on the cost data supplied regarding facilities' costs for retroactive periods.

Completion date: June 30, 1987.

Task 4:

The preparation of a one time special retroactive child case eligibility review procedural document and the training of appropriate state and county staff in the use of this document. The purpose of this document is to see that all children under county jurisdiction who are in care out of the parental home or who may be entering such care can be assessed on their eligibility for Title IV-E. $15,000 is allocated for this task. This task has three distinguishable components or parts.

1. Development of, and Department's acceptance of, child case Title IV-E eligibility procedural documents.
2. Development of training curriculum on IV-E policy materials on federal/state statutes and regulations, for county social workers and income maintenance staff, to assure the maximum increase in IV-E eligible children.
3. One day training sessions for county staff conducted in six locations throughout the state.

Completion date: December 31, 1986.

Task 5:

Training of Department staff in the federal/state Emergency Assistance statutes and regulations, so that a draft Minnesota statute may be proposed with supporting documentation for introduction in the forthcoming legislative session. $6,000 is allocated for this task. This task may entail, at department discretion, one visit by Department and contractor staff to another state for analysis of their program implementation and methods.

Completion date: December 31, 1986.

Task 6:

Training, assistance, and consultation on Minnesota's "Difficulty of Care" system. $4,000 is allocated to this task. Training under this task includes written delineation of issues posed by the present system, and various options and written rational documentation that the State could elect to better support

financing foster care. Limiting difficulty of care to foster homes only, not group facilities, will be addressed by the contractor. The Department will have prior authorization of contractor duties in this task.

Completion date: March 31, 1987.

Task 7:

Training, assistance, and consultation of the Department's proposed rule for county distribution of federal Title IV-E dollars. $2,250 is allocated for this task. Under this task training will enable state staff to promulgate the rule. Specific training will produce definitive rule components, supportive documentation for the statement of need and reasonableness related to the allocation criteria proposed, other allocation criteria considered, equitableness between counties, and state agency data collection/analysis/ calculations. The Department will have prior authorization of contractor's duties in this task.

Completion date: December 31, 1986.

Task 8:

Training of Department staff and curriculum development regarding submittal and approval of federal claims and payment there of. $2,250 is allocated for this task. This task encompasses the compilations involved with retroactive claims, partial and supplemental claims, federal appropriations, time tables, and procedures, late claims, and Department staff being knowledgeable of federal appropriations actions.

Completion date: December 31, 1986.

Task 9:

Training and written documentation on methods and data for computing county child social service cost pool expenditures. $4,500 is allocated for this task. Products outcomes are:

1. Written identification of what fiscal items and their rational are and are not included in the cost pool, and material for their inclusion or exclusion;
2. Modification of current county reporting systems, specifically COFAR 2540 report and CSIS fiscal data;
3. State agency procedural document for analysis of county fiscal data received; and,
4. State staff training on use of county data in making Title IV-E claims.

Completion date: December 31, 1986.

Task 10:

Training of Department staff on licensing issues as they are required for Title IV-E eligibility, and recommendations as to how the Department could modify its licensing practices and procedures to more effectively meet this federal requirement. $1,500 is allocated to this task. Under this task Department staff will be trained on methods of collecting, reviewing, and collating relevant licensing data including updating of licensed vendors.

Recommendations will be furnished by the contractor on the state assuring only "eligible" Title IV-E institutions are included in the Title IV-E maintenance claim, and various approaches the department could take to reduce the time a child otherwise eligible for Title IV-E is not eligible due to the vendors licensing status.

Completion date: March 31, 1987.

Task 11:

Training, directions, and assistance to the Department's County Advisory Title IV-E Task Force. $4,500 is allocated for this task. This task includes being an active participant in the planning of the meetings and on the meeting date, engaging in counsel to the task force in their policy and procedural direction to the Department, and in providing the task force with training and procedural materials in relation to the ten tasks cited above, at the direction of the Department.

Completion date: June 30, 1987.

The Department owns all documents produced from this contractual arrangement, and has authority to reproduce and distribute all documents received from the contractor subject to governing copyright laws.

ATTACHMENT B

Terms of Payment

Task 1: $2,500 upon written procedural steps specified in Task 1 of Attachment A to this contract for Departmental Title IV-E Federal claiming, and upon the departments submittal of its 1st, 2nd, and 3rd quarters claim for Title IV-E in Federal fiscal year 1986.

Task 2: $750 per consultant day, as authorized by the State's Authorizing Agent identified in parts II and VI of this contract.

Task 3: Same as Task 2 above.

Task 4: $5,000 upon completion of each of the three distinguishable components of Task 4 cited in Attachment A.

Task 5: Same as Task 2 above.

Task 6: Same as Task 2 above.

Task 7: Same as Task 2 above.

Task 8: Same as Task 2 above.

Task 9: $1,125 upon completion of each of the four products specified in Task 9 of Attachment A.

Task 10: Same as Task 2 above.

Task 11: Same as Task 2 above.

For the purposes of executing its responsibilities, and to the extent set forth in this contract, the contractor shall be considered part of the welfare system as defined in Minnesota Statutes, section 13.46, subdivision 1. The contractor's employees and agents shall have access to private or confidential data maintained by the Department of Human Services to the extent necessary to carry out its responsibilities under the contract. The contractors agrees to comply with all the requirements of the Minnesota Government Data Practices Act in providing services under this contract. Rocco D'Amico is the responsible authority in charge of all data collected, used, or disseminated by the contractor in connection with the performance of this contract. See Minnesota Statutes, Laws 1984, chapter 436, section 24 amending Minnesota Statutes, section 13.46, subdivision 10. Contractor accepts responsibility for providing adequate supervision and training to its agents and employees to ensure compliance with the Act. No private or confidential data collected, maintained, or used in the course of performance of this contract shall be disseminated except as authorized by statute, either during the period of this contract or thereafter. The contractor agrees to indemnify and save and hold the state, its agents and employees, harmless from all claims arising out of, resulting from, or in any manner attributable to any violation of any provision of the Minnesota Government Data Practices Act, including legal fees and disbursements paid or incurred to enforce the provisions of this agreement.

ATTACHMENT D

Choice of Law: Choice of Forum

This agreement shall in all respects be governed by the laws of Minnesota, except to the extent inconsistent with or governed by any federal law or regulation. Any dispute between the parties which arises out of this agreement shall be heard in a court of competent jurisdiction within the State of Minnesota.

Exhibit #2

TITLE IV-E STEERING COMMITTEE

Bob Wahlberg, Accounting
Systems Analysis
Jim Abts, Director
Social Services Division
Ramsey County Human Services
Department
160 East Kellogg Boulevard
St. Paul, MN 55101
telephone: 612/292-6690
612/298-4193

Beverly Barker, Director
McLeod County Social Service Center
County Office Building
P.O. Box 130
Glencoe, MN 55336
telephone: 612/864-5551

Mr. Bob Barrett
Social Service Supervisor
Stearns County Social Service Center
700 Mall Germain
St. Cloud, MN 56301
telephone: 612/255-6000

Bill Brock, Director
Polk County Social Service Center
Courthouse, P.O. Box 608
Crookston, MN 56716
telephone: 218/281-3127

Pat Carlson, Director
Rice County Social Services
128 Northwest Third Street
Box 718
Faribault, MN 55021
telephone: 507/334-2281

Janice Devens, Director
Wright County Human Services Agency
Courthouse
10 Northeast 2nd Street
Buffalo, MN 55313
telephone: 612/682-3900

Ms. Gene Everley
P.O. Box 601
International Falls, MN 56649
telephone: 218/286-5542

2/R

John Haines, Director
Kandiyohi County Family
Service Department
Courthouse, Box 757
Willmar, MN 56201
telephone: 612/235-3014

Thomas Henderson, Director
Brown County Family Service Center
114 North State Street
New Ulm, MN 56073
telephone: 507/354-8246

Mr. Chuck Koenig
Social Service Supervisor
Swift County Welfare and
Family Service Agency
109 - 12 Street South
Benson, MN 56215
telephone: 612/843-3160

Mr. Leo Vos
Social Service Supervisor
Mille Lacs County Family
Services and Welfare Department
Courthouse
Milaca, MN 56353
telephone: 612/983-6161

Mr. Rocco D'Amico
6303 Crathie Lane
Bethesda, MD 20816
telephone: 301/229-5372

D. Allen Meyer
telephone: 612/296-2496

Department of Human Services

Chuck Fecht
612/296-2373

Jim Beatty
612/296-2321

Exhibit #3

Office of the
Regional Director

UNITED STATES
DEPARTMENT OF HEALTH & HUMAN SERVICES

300 South Wacker Drive
Chicago, Illinois 60606
Phone: (312) 353-5160

September 3, 1986

Mr. Al Hanzal
Assistant Commissioner
Bureau of Social Services
State of Minnesota
Department of Human Services
Centennial Office Building
St. Paul, Minnesota 55155



Dear Mr. Hanzal:

This is in regards to an amendment dated December 30, 1985 to the Minnesota Department of Human Services (MDHS) cost allocation plan dealing primarily with the Social Services Time Study (SSTS). In response to that submission, I wrote you on June 24, 1986 raising certain questions and issues that needed to be addressed before the plan amendment could be considered for approval with a suggestion that a meeting be held to attempt to resolve these issues. On July 28, 1986 you responded to my initial letter. Subsequently, a meeting was held on August 12, 1986 with all affected parties attending. This letter sets forth the agreements reached at that meeting and provides the basis for future actions needed to consider this matter resolved. For ease of reference, my letter details those areas where agreement has been reached and further actions required, if necessary, to make the plan approvable. The other section of this letter restates those areas where agreement was not possible and provides you the basis for appealing my determinations, if you so choose.

A. The following issues were resolved wholly or in part as follows:

1. Health Related Services Activity Codes
The definitions for such activity and the allocation of its associated costs as described in the original amendment are acceptable. Further, we were assured that the client case file contained sufficient data at the time of the observation to allow the determination to be made as to whether or not the client was Medicaid eligible. It was agreed that a copy of the application form used on all social service cases, and which is part of the client's permanent file would be sent to my office as evidence indicating that eligibility for the Title XIX program can be clearly established.

2. Child Welfare Activity Codes Assignable to the Title IV-E Program
The SSTS, although assigning a cost distribution basis to the Title IV-E program, does not provide a mechanism for further assignment of these costs between Foster Care and Adoption Assistance activities. The State's current practice is to distribute these costs to the various activities on the basis of case load statistics. This approach was not considered acceptable, and it was agreed that since this issue did not impact the cost distribution between programs but rather was a further refinement of cost distribution within the Title IV-E program, this matter would be resolved between you and the Office of Human Development Services (OHDS).

3. Medicaid Waiver Activity Costs
It was agreed that MDHS would provide us with references and examples of State Bulletins that have been previously sent to the county offices on this subject and which you consider adequate evidence to show that the workers are aware of the allowable activities associated with the various Medicaid Waiver grants. If this proves acceptable, the language used in the SSTS definitions for the activities associated with these grants would be considered acceptable as proposed.

4. Child Welfare Treatment and Counseling Services
The proposed language associated with Codes M & N of the SSTS is acceptable for our purposes.

5. Child Welfare Training
It was agreed that the definition for Code K will be revised to include specific instructions to the worker to post non-child welfare training activities under Code T, Other Social Service Programs.

6. Recording Observations
The Minnesota Internal Control Plan, Attachment B of the MDHS letter of July 28 will be made an official part of the cost allocation plan. Accordingly, the MDHS may continue to post the observations in the manner described in the proposed amendment. However, MDHS has agreed to establish a quality control system over the SSTS to oversee the integrity of the lists of workers participating in the SSTS, to monitor the observation practices at the county level, to maintain continued SSTS training for responsible personnel, and to perform necessary analytical studies of the data being reported under the SSTS to insure the authenticity, reliability and validity of the sample data.

7. Definition of Participating County Social Workers

It was agreed that the definition of SSTS participants in the amendment will be revised to specify the particular ~~job title~~ or classifications of those workers in counties under the State Merit system. In those few counties under their own merit system, the amendment will include the position descriptions of the category of worker to be studied or will define the criteria to be used in establishing whether a worker in the Social Services area is required to participate in the SSTS.

8. Random Moment Selection

It was agreed that the universe of available random moments would be selected ~~from five minute intervals~~ within an hour rather than the original fifteen minute intervals proposed. This change in the intervals will not affect the number of observations per day required to obtain the optimum number of observations needed to make the sample a fair representation of the activity of the total worker universe. Further, the time period from which these random moments will be selected will remain from 8:30AM to 4:30PM of each work day as originally proposed with allowance for change if further analysis of the results warrants such action.

It was also agreed that the amendment would be ~~revised~~ to stipulate that the quarterly SSTS will cover ~~no less than two (2) months of a~~ quarter with an assurance that at least once in an eighteen (18) month period the study will be expanded to include observations made during the last month of a quarter.

9. Cluster Sampling

It was agreed to allow the cluster sampling of groups of not more than twelve workers to continue as proposed. However, it was further agreed that ~~MDHS would evaluate the need for a random permutation to the order of the worker listings within each group~~. This random election would eliminate any situation where the actual observation process would fall into a recognizable pattern of activity by the worker. We agreed to allow the MDHS to study this matter further and implement this change at some future date if considered necessary.

10. Cost Pool
It was agreed to modify the amendment to be more reflective of the actual practices for the collection of these data from the counties. The amendment will incorporate State Bulletin #86-66C as part of the plan and specify that it will be the source of costs to be allocated under the SSTS. Further, the Internal Control Plan previously mentioned will be revised to include surveys and analyses of the cost pool data from the counties with the intent of integrating these reports with current financial reporting systems. Also, Hennepin County will modify its cost allocation plan to specifically list which cost centers are to be included in the SSTS cost pool.

11. Effective Date
The effective date for the amendment is October 1, 1985. However, I will consider approving an earlier effective data if you can clearly demonstrate that the activities being identified under the current SSTS are also reflective of those prior periods and thus permit a recomputation of claims for those earlier periods. As agreed, you will provide to my office a methodology to be used for such a study. We will then review your proposal to determine if it meets the criteria of reasonableness, program integrity, and fiscal accountability. Once the criteria are formally agreed upon and the study is completed, the results will be reviewed by my office and a final determination will be made concerning an earlier effective date.

12. MDHS Bureau of Social Services
It was agreed that the response in the MDHS letter of July 28, 1986 to this subject would be incorporated as part of the cost allocation plan which describes the distribution of this unit's costs.

The special reviews and studies previously mentioned are subject to Federal review and analysis. We reserve the right to require amendments to the plan and time study if it is deemed necessary from the results of these studies as provided under 45 CFR 95.509(a)(2).

Subject to the submission of a plan amendment satisfactorily addressing the issues enumerated above, I hereby approve your SSTS effective October 1, 1985 with the exception of two issues as set forth in Section B of this letter. The revised amendment along with the other material requested should be submitted to my office within forty-five (45) days from receipt of this letter.

My approval is based on your compliance with the following standard conditions:

(1) the information provided by the State in the approved plan amendment is complete and accurate in all material aspects;

(2) the allocation methods proposed result in the equitable distribution of costs to benefiting programs;

(3) that the same costs that have been treated as indirect costs have not been claimed as direct costs and that similar types of costs have been accorded consistent treatment;

(4) the costs which are actually claimed by the State are properly supported and documented and are available and allowable under prevailing Federal Departmental cost principles, program regulations and law at the rates of Federal financial participation (FFP) set forth therein; and

(5) that no costs other than those incurred pursuant to the approved State plan are included in claims to the Federal Government and that said costs represent legal obligations of the Minnesota Department of Human Services.

This approval presumes the existence of a [redacted] with internal controls adequate to protect the interest of both the State and Federal Governments.

Approval of the revision to this cost allocation plan does not constitute the approval of any costs or statistical data. This approval relates to the accounting treatment accorded the cost of your programs only, and nothing contained herein should be construed to approve activities not otherwise authorized by approved program plans or Federal legislation or regulations.

B. The following issues represent the two portions of your plan amendment that are hereby disapproved:

1. Treatment of Child Welfare Eligibility Determination Activity Related Costs

According to the amendment, costs associated with hits against Code 2, Child Welfare Eligibility Determination will be claimed 100% against the Title IV-E program. OHDS Policy Announcement PA-ACYF-85-01 states, "Allowable costs related to foster care may include the determination of eligibility ... costs before the child is placed in foster care, but only for children actually placed in foster care and determined eligible under Title IV-E." The procedure of claiming 100% of these eligibility costs against Title IV-E is contrary to that policy for it allows the activity associated with the eligibility actions of those children found to be ineligible for the Title IV-E program to be claimed against that program. As a result, an excessive amount of costs associated with the Code 2 work activity is allocated to the Title IV-E and is, therefore, unallowable.

MDHS disagrees with that policy announcement and plans to address the issue through the appeal process. However, it [redacted] disputed costs will be separately identified on your quarterly expenditure reports so that they may be deferred or disallowed until the issue is finally resolved. Due to the fact that this issue affects only one Operating Division, any appeal [redacted] to file will be conducted through OHDS. You will be contacted by OHDS as to your appeal rights and the procedures to follow concerning this matter.

2. Child Support and Enforcement Claims

The proposed SSTS calls for the treatment of costs associated with Code I, Child Welfare-Title IV-D, to be assigned directly to the Title IV-D program. According to the MDHS July 28 letter, such activity relates to the referral action of Title IV-E eligible children to the appropriate agency for child support enforcement and refers to ACYF Program Instructions 85-1 and the changes made to the Social Security Act Section 471(a)(17) as providing a basis for charging these costs against the Title IV-D program.

[redacted] Title IV-D activity is consistently defined in Section 454(4) and (6) of the Act with respect to cases on which an assignment has been taken under Titles IV-A or IV-E or there is an application for services. Regulations at 45 CFR 304.20(a)(1) provide for FFP under Title IV-D for costs associated with services "provided to individuals from whom [redacted] of support rights has been obtained pursuant to Sec. 232.11 of this title or section 471(a)(17) of the Act."

Clearly, activity eligible for reimbursement under Title IV-D begins only after completing the work associated with making the referral, whether by Titles IV-A or IV-E. This position is consistent with past practice with regard to Title IV-A, [redacted] eligibility workers' obtaining information on the absent parent is [redacted]. Therefore, since the activity described relates to Title IV-E cases, cost associated with such referral activity should be assigned to the [redacted]

As a result, any claims that may be made against the Title IV-D program after October 1, 1985 based on the cost distribution statistics from the SSTS will not be accepted. Such costs relate to the Title IV-E program and should be claimed against that program at its appropriate FFP rate.

Further, it is our understanding that claims covering the period October 1, 1983 through September 30, 1985 in the amount of $628,602 (FFP) were made against the Title IV-D program. The Regional Office of Child Support Enforcement has deferred the claims pending my final determination on this matter. Since this issue is cross-cutting in nature between two agencies, the Office of Child Support Enforcement and OHDS, [redacted] its final disposition. As part of my disapproval action, I am also disallowing these claims made against the IV-D program for the periods indicated. [redacted] IV-E charges if an effective date earlier than October 1, 1985 is established as outlined in the "Effective Date" portion of my letter.

Should you disagree with my determination, you may request reconsideration of my decision on the matter under the provisions set forth in 45 CFR 75. The application for reconsideration must be postmarked and submitted to Ms. Michelle Guier Harris, Regional Director, Department of Health and Human Services, Region V, 300 South Wacker Drive, Chicago, Illinois 60606, no later than thirty (30) days after receipt of this letter. Please include a copy of this letter with your request for reconsideration.

If you have any questions concerning this matter, please call me or Allen Karasiewicz of my staff at 312/353-8330.

Sincerely,

Ralph A. Detloff
Director
Division of Cost Allocation

cc: Ms. Michelle Guier Harris, Regional Director
Mr. Robert J. Brown, Acting RASC Director
Ms. Marlene Moleski, Regional Commissioner, SSA
Ms. Kay Willmoth, Regional Administrator, FSA/OFA
Mr. Derek Schoen, Regional Director, FSA/ORR
Mr. Kent Wilcox, Regional Representative, FSA/OCSE
Ms. Carolyn Woodard, Regional Administrator, OHDS
Mr. Dan Harley, Director WIN Program, OHDS
Ms. Barbara Gagel, Regional Administrator, HCFA
Mr. Monroe Woods, Regional Administrator, USDA/FNS
Mr. Martin Stanton, Regional Inspector General for Audit, DHHSAA

SF-00006-03 Exhibit #4

STATE OF MINNESOTA

DEPARTMENT of Human Services

Office Memorandum

TO: Department of Human Services DATE: September 16, 1985

FROM: Title IV-E Work Group PHONE:

SUBJECT: Recommendations on Financing Social Service Costs

I. INTRODUCTION

This memorandum presents recommendations on changes to the current usage of federal programs to finance social services, with the goal to maximize the federal funds available to support these programs. We have concluded that opportunities exist to increase federal support in three program areas.

Summary of Recommendations

The following summarizes the recommendations to maximize federal financing of social service costs.

1. Title IV-E Foster Care and Adoption Assistance of the Social Security Act (SSA)--improved utilize administration and training funding through better measurement techniques and claiming for currently allowed administrative activities not now fully claimed.

2. Title XIX Health-Related Services (SSA)--claim 50 percent federal reimbursement for nonmedical services provided by direct services staff to assist Medicaid recipients in using medical services. Minnesota does not now seek such reimbursement.

3. Title IV-D Child Support Enforcement (SSA)--charge child support enforcement activities for Title IV-E eligible children, recently required under IV-E state plan amendments, to the Title IV-D program. These charges are more richly reimbursed at 70 percent under Title IV-D, compared to 50 percent under Title IV-E. This may require an amendment to the state IV-D Plan.

These recommendations, which are discussed more fully later in this memorandum, follow from a review of issues in Title IV-E reimbursement as part of the Department's training contract with Data Management Associates. Though that review was directed to Title IV-E issues, Departmental suggestions about overall social services funding indicated the two other areas could potentially generate additional revenues. This memorandum presents our recommendations as to activities currently financed by state or county dollars which should be charged to the various federal programs. An accompanying memorandum presents options and recommendations on generating the necessary accounting and program data to support the claims.

II. BACKGROUND

Minnesota currently utilizes the following federal programs to support portions of the social services programs operated by counties:

1. The Child Welfare Services Program, authorized under Title IV-B of the Social Security Act (SSA);

2. The Work Incentive Program (WIN) authorized under Title IV-C of the SSA;

3. The Social Services Block Grant, Title XX, SSA;

4. The Medical Assistance Program, SSA, Title XIX, for waivered services for the elderly and mentally retarded;

5. Title IV-E; and

6. The Unaccompanied Minors Program (Refugee).

The first three programs are fixed appropriation programs. The state totally utilizes the funds available from these sources. While Title XIX is an open-ended program, the waivered services have built in limitations since the waivers stipulate that the total costs of serving individuals must be less than the costs of service in institutional environments. This limitation would not apply to health-related services under Title XIX. As noted the Department has not exercised this option. For all practical purposes, the Title IV-E and Refugee programs are open-ended. To the extent allowable costs are incurred for eligible clients the federal government shares in these costs on an uncapped basis. Title IV-E administrative costs are 50 percent federal. Title IV-E also pays 75 percent of training costs associated with managing the program.

In the refugee program, the federal government bears 100 percent of the costs. Historically, increased costs in the refugee program have been met. Since social services to unaccompanied minors are purchased from two private agencies with negligible direct services provided by the county staff, the present methods of accounting and negotiation with the Office of Refugee Resettlement should yield an accurate claim on federal funding from that program.

Wherever there are significant amounts of nonfederal monies which draw no federal funds, the desirable fiscal approach is to use first the federal open-ended programs. We believe that all counties in Minnesota currently have an excess of unmatched state and county dollars supporting their social service programs. Consequently, the strategy recommended in this memorandum is to aid the counties in isolating all activities which can reasonably be charged to one of the three federal open-ended entitlement programs enumerated in the Introduction. The following sections review each of these programs

in terms of the state's current utilization of the program, activities which can be charged to the program, and steps needed to implement such charges.

III. TITLE IV-E

A. Administrative Costs in Title IV-E

The State Plan for Foster Care and Adoption Assistance provides federal sharing in the costs of administering a foster care and adoption assistance system for children who have an AFDC or SSI relationship when they enter the care of public agencies. Federal funds support three classes of activities:

- Maintenance payments, whether for foster care or adoption assistance, made to providers for the care of the child;
- Costs of administering the system; and
- Costs of training public agency staff who administer the system.

The critical factor in the level of federal support available from the program is the number of children in the care of the state found eligible for the program since the three types of costs are reimbursable only for eligible children.

As part of the Department's overall Title IV-E improvement effort, we are attempting to address the state's performance in this area. Approximately 30 percent of all children in care are currently Title IV-E eligible. However, a factor which nearly equals the importance of the eligibility percentage is the definitions of costs which fit into the three classes described above. It is clear that both in conception and measurement of these costs Minnesota is currently foregoing large amounts of federal dollars. The development of the broadest possible definition of allowable maintenance costs is being pursued as part of the effort to improve the state's eligibility performance. The specific concern of this section is with the definition and measurement of administrative and training costs.

Table 1 in Appendix A shows Federal Fiscal Year 1984 claims against Title IV-E by the various states. The columns labeled "Administrative Charge per IV-E Child" and "Training Charge per IV-E Child" serve as reasonable comparisons of state performance in charging these two accounts. Minnesota claimed an average of $853 in administrative costs (federal share). Nine states claimed in excess of $1,500 of which six exceeded $2,000. Minnesota claimed $1.00 federal per Title IV-E child in training costs: four states exceeded $100 per child. There are a number

of factors which explain the variations between states. For example, the level of service a state provides each child in care clearly influences the average cost claimed. Likewise, differences in the relative unit costs--such as social work salaries--will influence this average. With both of these factors it seems clear that Minnesota would rank near the highest states. Yet our net fiscal claim is from ½ to ¼ of high claiming states. Analysis of how some of these states approach claiming indicates that the critical variable in explaining the differentials is in the definition and measurement of allowable administrative costs.

We first address the question of definition--what is an allowable administrative cost in Title IV-E? To comply with the state plan requirements, a state must:

- Provide foster care maintenance payments as defined in Section 472 and adoption assistance payments as defined in Section 473;
- Provide that the state agency administering the Child Welfare Services program authorized under Title IV, Part B also administer the Part E program;
- Provide that the program be statewide;
- Provide for the application and periodic review of standards for foster family homes or child care institutions;
- Provide for periodic independent audits of the program and for such reports as the Secretary of HHS may require;
- Effective October 1, 1983 provide that, in each case, reasonable efforts will be made prior to the placement of a child in foster care, to prevent or eliminate the need for removal of the child from his home, and to make it possible for the child to return to his home; and
- Provide for each child receiving foster care maintenance payments under the plan for the development of a case plan (as defined in Section 475(1)) and for a case review system as described in Section 475(5)(B)).

The Secretary of HHS is responsible for defining expenditures "necessary . . . for the proper and efficient administration of the State plan." This definition is set forth primarily in the fiscal regulations governing Part E found in CFR 45, part 1356.60 (b) and (c) reproduced below.

"(b) <u>Federal matching funds for State and local training for foster care and adoption assistance under title IV-E</u>.

(1) Federal financial participation is available at the rate of seventy-five percent (75%) in the costs of training personnel employed or preparing for employment by the State or local agency administering the plan.

(2) All training activities and costs funded under title IV-E shall be included in the State agency's training plan for title IV-B.

(3) Short and long term training at educational institutions and in-service training may be provided in accordance with the provisions of CRF 235.63 through 235.66(a) of this title.

(c) Federal matching funds for other State and local administrative expenditures for foster care and adoption assistance under title IV-E. Federal financial participation is available at the rate of fifty percent (50%) for administrative expenditures necessary for the proper and efficient administration of the title IV-E State plan. The state's cost allocation plan shall identify which costs are allocated and claimed under this program.

(1) The determination and redetermination of eligibility, fair hearings and appeals, rate setting and other costs directly related only to the administration of the foster care program under this Part are deemed allowable administrative costs under this paragraph. They may not be claimed under any other section or federal program.

(2) The following are examples of allowable administrative costs necessary for the administration of the foster care program:

(i) Referral to services;

(ii) Preparation for and participation in judicial determination;

(iii) Placement of the child;

(iv) Development of the case plan;

(v) Case reviews;

(vi) Case management and supervision;

(vii) Recruitment and licensing of foster homes and institutions;

(viii) Rate setting; and

(ix) A proportionate share of related agency overhead.

(3) Allowable administrative costs do not include the costs of social services provided to the child, the child's family or foster family which provide counseling or treatment to ameliorate or remedy personal problems, behaviors or home conditions.

(4) Funds expended with respect to nonrecurring costs of adoption proceedings for children on behalf of whom adoption assistance is provided under the State plan may not be reimbursed as administrative costs under IV-E.

(5) Foster and adoptive parents, and staff of licensed or approved child care institutions providing foster care under this Part shall be eligible for short-term training at the initiation of or during their provision of care. FFP directly related to such training shall be limited to travel and per diem."

Paragraph (c) is the federal "definition" of allowable administrative costs. There are a number of difficulties with the definition. First, there is really no definition of "administration" given. Clauses (1), (2) and (5) give examples of allowable activities, clauses (3) and (4) cite two activities which are considered nonallowable.

In response, the implicit approach employed by the high claiming states is that an activity which is not one of the two specifically cited nonallowed activities is allowable.

A further problem in the definition is that it provides no boundaries demarcating State Plan administration within the continuum of activities which comprise the broader child welfare system. That is, does State Plan administration begin when a child enters foster care or are the range of activities which precede the time the child actually enters foster care also part of the foster care system? Of the three highest claiming states, Massachusetts appears to make the boundaries of state plan administration contiguous with the entire Child Welfare system. New York and Louisiana measure state plan administration only when a child enters care. Missouri has recently attempted to gain approval of an approach similar to Massachusetts. The federal response has been that state plan administration only begins when a child enters care, except that placement and judicial activity immediately preceding care would be allowable. Missouri is challenging this approach.

Finally, the nonallowability of "social services . . . which provide counseling or treatment . . ." creates a number of problems. First in an operational environment it is difficult to separate out costs associated with such activities from the concomitant, presumably allowable, activities in social work practice in child welfare. Second, most existing state social service information and accounting systems have categories which are difficult to equate with the federal concept. To produce audit-proof claims, there is no alternative to designing a system built specifically to measure this arbitrary category of activity. Such measurement has no other programmatic or management value. Last, it is not clear there is any statutory base for this exclusion. Of the high claiming states, New York and Louisiana have established time measurement systems which attempt to directly account for staff time which corresponds to the federal wording. It appears that Massachusetts, Oklahoma, and Vermont make no attempt to measure this activity, i.e., they are currently claiming it.

B. Current Situation in Minnesota

Instructional Bulletin #83-32 attached as Appendix B, defines the current DHS approach to Title IV-E administrative costs. In essence, it merely paraphrases the federal regulations reproduced above. It provides no guidance on how counties are to measure such costs, nor guidance on the boundaries of state plan administration.

This has created a situation with tremendous variation in how counties are constructing their administrative claims. Problems in the approaches employed are discussed in more detail in the accompanying memo on measuring administrative costs.

The variation by county in claims, submitted, is even wider than the variation displayed in the state analysis. Table 2 in Appendix A shows an average net federal claim per child for CY 84 of $909. Thirty-five counties made no claim at all. Nine small counties claimed in excess of $2,000 with three of these above $3,000. The metro counties range from Hennepin's $1,780, through St. Louis at $400, down to Ramsey's $191. At the other extreme are those counties which have made no Title IV-E claim. It is our impression that this is a function of a lack of awareness of the potential pay-off combined with recognition of the difficulty of integrating the Title IV-E categories into existing accounting and information systems.

C. Charging Options for Minnesota

The goal in improving Title IV-E claiming is to maximize the federal reimbursement available to the counties for child welfare activities. Additionally, we would like an audit-proof system that accurately measures the costs we determine to be allowable. Finally, it is hoped that such a measurement systems can be relatively efficient and nonburdensome for the counties. These last two goals are discussed in the accompanying memorandum.

The major options which need to be considered currently are whether Minnesota should attempt to stretch the boundaries of allowable costs beyond the relatively conservative approaches employed by New York and Louisiana. This can be done in two ways. First, we can attempt to charge counseling and treatment services which have been arbitrarily excluded by HHS. Second, we can argue a broader boundary for state plan administration than currently conceded by HHS, which limits claims to costs associated with activities for children in care along with placement and judicial activity for noncustody children. We believe in both instances a strong case can be made that HHS has circumscribed unnecessarily the legislative intent.

Based on other states' data, we estimate that successfully claiming counseling and treatment services would increase the allowable claim over the New York/Louisiana model by 10 percent. The broader boundary approach would probably increase the potential claim by 50 percent. These are the clear benefits of exercising these options. Though these costs clearly fall outside the current HHS policy, there is some chance that they will go unnoticed in federal review of policy. In effect, the states currently successfully charging these costs, (Massachusetts, Oklahoma, and Vermont for treatment services; Massachusetts for the broader boundaries) either have renegade or somnolent HHS regional offices reviewing their charging.

There are two costs of these expansive approaches. Assuming rejection by the HHS regional office there would be litigation costs in pursuing the claims. Of more significance are a series of process costs. Missouri's recent experience in attempting to gain the broader boundary approach illustrates these problems. Missouri has been unable to gain <u>any</u> reimbursement for Title IV-E administration since their regional office has rejected the entire cost allocation plan for Title IV-E. Missouri made the necessary changes to increase its Title IV-E claim over a year ago. Only in the last month has the regional

office indicated willingness to begin payment on the noncontroversial costs. Additionally, Missouri has been subject to an unusual degree of scrutiny on picayune details of time study elements and accounting procedures. This has led to cash flow problems along with uncertainty as to the viability of retroactive claims. There is also considerable frustration on the part of those bearing the costs of measurement who are given no tangible results.

With this in mind we are recommending that we initially claim only noncontroversial costs. Allowing a relatively quick return of a substantial increase in available funds will reward the counties for the effort they will make, and give them an immediate incentive to begin improving their eligibility processes. Once the basic claim is established, nothing prevents us from then taking on one of the broader approaches. The measurement of the more conservative approach will automatically give us data necessary for either of the broader claims. Additionally, Missouri is currently appealing the boundary question; so we lose little in merely observing that process, and submitting a claim, including retroactive expenses, if they prevail.

IV. HEALTH-RELATED SERVICES UNDER TITLE XIX

There is an optional administrative activity under Title XIX known as Health-related Services. Health-related services are nonmedical services provided by direct services staff to assist Medicaid recipients to utilize medical services and support vendors providing medical services. These include referral to EPSDT or other medical services, transporting clients to medical services, outreach to inform clients of available services, providing social histories or other information to medical services personnel and follow-up services encouraging clients to continue in care. These costs are reimbursable at 50 percent. About half the states have exercised this option. It is clear that a portion of the average county social worker's time is devoted to precisely such activity. Other states have found that their line workers spend from 4 to 8 percent of their time in such reimbursable activity. It is not clear why Minnesota has not utilized this option. Other states which have not used it did not do so because they funded such activity from Title XX when they were not totally consuming this account and more recently because of the Medicaid freeze. Whatever the case, it is clear that we should immediately exercise this option. It appears that it would result in an immediate infusion of from 2 to 4 percent of current county social service expenditures in new federal dollars. Implementation requires a Title XIX state plan amendment and the development of a measurement system to record these costs.

V. CHILD SUPPORT ENFORCEMENT ACTIVITY FOR TITLE IV-E

As of October 1, 1984, the Title IV-E state plan requirements were amended to require child support enforcement activity on behalf of Title IV-E eligible children. For the first time this will require that such activity be carried out by social service staff. Though such activity would presumably be an allowable administrative cost under Title IV-E, it is clearly to the state's advantage to charge such activity to Title IV-D, with an administrative reimbursement rate of 70 percent. Consequently, we feel that a measurement system should be put in place to capture such activity.

CARM6/65

	SFY 85	SFY 84		SFY 85	SFY 84		SFY 85	SFY 84
1. Aitkin (1)	X	X	30. Isanti	X	X	59. Pipestone	X	X
2. Anoka	X	X	31. Itasca			60. Polk		
3. Becker	X	X	32. Jackson	X	X	61. Pope		
4. Beltrami	X	X	33. Kanabec	X	X	62. Ramsey	X	X
5. Benton			34. Kandiyohi	X	X	63. Red Lake		
6. Big Stone	X	X	35. Kittson			64. Redwood	X	X
7. Blue Earth	X	X	36. Koochiching	X	X	65. Renville		
8. Brown (1)	X	X	37. Lac Qui Parle			66. Rice		
9. Carlton	X	X	38. Lake			67. Rock		
10. Carver	X	X	39. Lake of the Woods			68. Roseau (1)	X	X
11. Cass	X	X	40. Le Sueur	X	X	69. St. Louis	X	X
12. Chippewa	X	X	41. Lincoln			70. Scott	X	X
13. Chisago			Region VIII North	X	X	71. Sherburne	X	X
14. Clay	X	X	~~42.~~ Lyon			72. Sibley		
15. Clearwater			43. McLeod	X	X	73. Stearns	X	X
16. Cook			44. Mahnomen			74. Steele		
17. Cottonwood	X	X	45. Marshall			75. Stevens		
18. Crow Wing	X	X	~~46.~~ Martin			76. Swift	X	X
19. Dakota	X	X	47. Meeker	X	X	77. Todd		
20. Dodge			48. Mille Lacs			78. Traverse	X	X
21. Douglas	X	X	49. Morrison			79. Wabasha		
Faribault-Martin-Watonwan HSB	X	X	50. Mower	X	X	80. Wadena	X	X
22. Faribault			~~51.~~ Murray			81. Waseca		
23. Fillmore			52. Nicollet	X	X	82. Washington	X	X
24. Freeborn	X	X	53. Nobles			~~83.~~ Watonwan		
25. Goodhue			54. Norman			84. Wilkin		
26. Grant			55. Olmsted	X	X	85. Winona	X	X
27. Hennepin	X	X	56. Otter Tail			86. Wright (1)	X	X
28. Houston			57. Pennington	X	X	87. Yellow Medicine		
29. Hubbard	X	X	58. Pine	X	X			

(1) Back claim 84 during 85

Counties Claiming Title IVE Administration

PZ-00203-02
DPW-203 (4-78)

IV-E FOSTER CARE TOTAL - FY84 EXPENDITURES

State	Avg. Mo. # of IV-E Children	Payments	Admin.	Training	Total P+A+T	Admin. Charge per IV-E Child	Training Charge per IV-E Child
Alabama	1,513	2,103,211	128,689	0	2,231,900	85	0
Alaska	19	80,928	0	0	80,928	0	0
Arizona	1,425	978,986	892,930	0	1,871,916	627	0
Arkansas	395	529,714	28,015	853	558,582	71	2
California	18,197	57,603,980	41,163,134	902,490	99,669,604	2,262	50
Colorado	1,204	1,583,146	18,245	3,000	1,604,391	15	2
Connecticut	1,100	2,005,434	921,246	0	2,926,680	837	0
Delaware	220	295,344	15,594	226	311,164	71	1
Dist. of Col.	1,592	4,108,368	1,961,016	0	6,069,384	1,232	0
Florida	1,954	2,742,691	90,557	1,236	2,834,484	46	1
Georgia	1,602	3,873,705	3,496,958	0	7,370,663	2,183	0
Hawaii	26	31,397	10,231	0	41,628	394	0
Idaho	156	246,111	19,938	166	266,215	128	1
Illinois	4,107	5,361,541	936,370	0	6,297,911	228	0
Indiana	1,487	944,102	60,030	0	1,004,132	40	0
Iowa	656	1,123,184	796,776	0	1,919,960	1,215	0
Kansas	1,046	2,883,258	682,818	6,391	3,572,467	653	6
Kentucky	748	2,123,295	67,647	0	2,190,942	90	0
Louisiana	1,980	4,996,169	5,345,729	212,471	10,554,369	2,700	107
Maine	825	2,000,610	51,688	3,330	2,055,628	63	4
Maryland	1,805	2,807,578	151,002	0	2,958,580	84	0
Massachusetts	642	2,396,107	2,258,470	0	4,654,577	3,518	0
Michigan	6,082	24,130,075	9,337,436	20,400	33,487,911	1,535	3
Minnesota	1,665	5,047,428	1,420,664	1,455	6,469,547	853	1
Mississippi	813	980,571	76,790	2,356	1,059,717	94	3
Missouri	1,748	2,042,663	150,599	92,552	2,285,814	86	53
Montana	357	1,109,733	428,648	2,953	1,541,334	1,201	8
Nebraska	635	1,352,407	866,667	73,411	2,292,485	1,365	116
Nevada	224	335,085	24,230	0	359,315	108	0
New Hampshire	467	730,948	473,918	5,175	1,210,041	1,015	11
New Jersey	2,254	5,237,037	109,885	0	5,346,922	49	0
New Mexico	302	586,970	31,386	6,358	624,714	104	21
New York	11,873	83,673,657	37,585,726	2,434,906	123,694,289	3,166	205
North Carolina	768	656,200	149,121	97	805,418	194	0
North Dakota	187	740,486	64,485	629	805,600	345	3
Ohio	4,171	5,411,143	389,014	8	5,800,165	93	0
Oklahoma	679	1,555,310	1,498,962	7,597	3,061,869	2,208	11
Oregon	1,357	4,024,430	2,520,975	0	6,545,405	1,858	0
Pennsylvania	0	0	177,863	0	177,863	0	0
Rhode Island	547	812,743	0	0	812,743	0	0
South Carolina	845	1,086,705	261,300	935	1,348,940	309	1
South Dakota	282	507,438	15,280	118	522,836	54	0
Tennessee	1,135	1,636,209	70,157	398	1,706,764	62	0
Texas	2,685	6,320,917	3,796,302	47,968	10,165,187	1,414	18
Utah	295	460,002	341,616	4,145	805,763	1,158	14
Vermont	431	1,031,724	956,915	10,860	1,999,499	2,220	25
Virginia	1,984	2,484,794	541,049	7,807	3,033,650	273	4
Washington	1,203	2,259,685	2,092,055	0	4,351,740	1,739	0
West Virginia	680	2,284,326	238,988	347,856	2,871,170	351	512
Wisconsin	1,701	3,802,363	2,091,246	46	5,893,655	1,229	0
Wyoming	65	159,479	0	0	159,479	0	0
TOTALS	88,134	261,279,387	124,808,360	4,198,193	390,285,940	1,416	48

TABLE #2

TITLE IV-E ADMINISTRATIVE CLAIMS BY COUNTY, CALENDAR YEAR 1984

County	Average Number of Title IV-E Children per Month	Amount of IV-E Administrative Claim	Dollar Amount of Administrative Cost Claim per Child
Aitkin	9.67	$ 4,560	$ 472
Anoka	62.75	160,640	2,570
Becker	31.4	22,373	712
Beltrami	58.25	5,670	100
Benton	8.75	0	0
Big Stone	1.5	1,367	100
Blue Earth	28.9	5,494	145
Brown	9.6	3,162	329
Carlton	17.67	16,269	921
Carver	5.83	23,295	3,996
Cass	23.67	38,330	1,619
Chippewa	9.25	2,593	280
Chisago	9.17	0	0
Clay	19.08	11,898	624
Clearwater	1.42	0	0
Cook	1.92	0	0
Cottonwood	6.08	4,873	801
Crow Wing	20.5	66,444	3,241
Dakota	50.08	112,926	2,555
Dodge	1.92	0	0
Douglas	6.42	14,675	2,286
Faribault	FMW	FMW	FMW
FMW	20.08	11,196	558
Fillmore	13.08	0	0
Freeborn	9.14	26,071	2,852
Goodhue	6.17	0	0
Grant	1.67	0	0
Hennepin	338.67	603,015	1,780
Houston	2.67	0	0
Hubbard	9.58	12,974	1,354
Isanti	27.92	38,750*	1,389*
Itasca	26.08	0	0
Jackson	4.5	2,074	461
Kanabec	10.0	1,657	166
Kandiyohi	41.25	34,522	837
Kittson	2.5	0	0

* Error correction from earlier drafts.

County	Average Number of Title IV-E Children per Month	Amount of IV-E Administrative Claim	Dollar Amount of Administrative Cost Claim per Child
Koochiching	15.25	$37,725	$2,474
Lac Qui Parle	.17	0	0
Lake	6.58	0	0
Lake of the Woods	2.33	0	0
LeSueur	17.17	3,464	202
Lincoln	R8N	R8N	R8N
Lyon	R8N	R8N	R8N
Region VIII North	20.58	2,437	118
McLeod	8.58	6,314	736
Mahnomen	5.21	0	0
Marshall	2.25	0	0
Martin	FMW	FMW	FMW
Meeker	7.0	4.781	683
Mille Lacs	15.92	0	0
Morrison	18.0	0	0
Mower	24.33	525	22
Murray	R8N	R8N	R8N
Nicollet	7.42	479	65
Nobles	7.83	0	0
Norman	6.83	0	0
Olmsted	19.42	5,089	260
Otter Tail	10.58	0	0
Pennington	7.08	4,027	569
Pine	17.08	12,273	719
Pipestone	3.08	3,755	1,219
Polk	10.83	0	0
Pope	4.50	0	0
Ramsey	187.58	35,786	191
Red Lake	0	0	0
Redwood	14.58	438	30.04
Renville	14.50	0	0
Rice	13.92	0	0
Rock	2.67	0	0
Roseau	3.50	9,733	2,781
St. Louis	135.17	45,133	400
Scott	25.17	9,954	395
Sherburne	9.83	19,536	1,987
Sibley	6.42	0	0
Stearns	11.0	4,756	432

County	Average Number of Title IV-E Children per Month	Amount of IV-E Administrative Claim	Dollar Amount of Administrative Cost Claim per Child
Steele	11.92	0	0
Stevens	0	0	0
Swift	8.58	7,446	867
Todd	5.67	0	0
Traverse	3.00	2,077	692
Wabasha	17.17	0	0
Wadena	7.50	10,528	1,404
Waseca	16.25	0	0
Washington	27.33	4,119	151
Watonwan	FMW	FMW	FMW
Wilkin	2.00	0	0
Winona	12.00	2,437	203
Wright	20.67	23,472	1,144
Yellow Medicine	.92	0	0
TOTALS	1,697.72	1,543,339	909.07

Notes:

A. The figures for IV-E children were derived as follows: add the average number each month, divide by 12 months.

B. The average reimbursement per IV-E eligible child is the total dollars of administrative claim for the year divided by A.

C. The process of combining figures arrived at by different methods probably yields an error rate of between 5 to 10 percent for total numbers of children. Grant County, for example, yields an average number of IV-E eligible children which exceeds the average number of total children. There was an average number of four children eligible for IV-E from January through April, 1984, and two in May, 1984, and none for the rest of the year. The end of quarter number of children in substitute care - unduplicated, were two, one, one, and one. The anomaly may be a combined function of arithmetical distortion and inaccurate figures.

   This data is highly suspect. Disregarding those counties where no claim for Title IV-E costs was made, the amount of administrative reimbursement per foster child ranges from a low of $22 in Mower County to a high of $3,996 in Carver County.

D. It appears that the figures for reimbursement amounts may include some retroactive claims for prior months or years. The accountant receiving the dollar figures administrative costs is not given count of the children.

SFTH/17

STATE OF MINNESOTA
DEPARTMENT OF PUBLIC WELFARE
CENTENNIAL OFFICE BUILDING
ST. PAUL, MINNESOTA 55155

OFFICE OF THE COMMISSIONER
612/296-2701

GENERAL INFORMATION
612/296-6117

INSTRUCTIONAL BULLETIN #83-32 April 27, 1983

TO: Chairperson, Board of County Commissioners
Attention: Director

Chairperson, Human Service Board
Attention: Director

SUBJECT: Claiming Federal Financial Participation for Title IV-E Administrative Costs

Effective July 1, 1982, expenditures that were eligible under the AFDC-FC Program were shifted from Income Maintenance to Social Services. Federal Financial Participation (FFP) is now paid out of Title IV-E of the Social Security Act.

Final federal regulations regarding IV-E Fiscal Requirements, published in the Federal Register of July 15, 1982, 45 CFR, allow Federal Financial Participation in Administrative Costs and Staff Development costs effective July 1, 1982.

The Federal Register states that 50% FFP is available for administrative expenditures "necessary for the proper and efficient administration of the Title IV-E State plan." The State's cost allocation plan must identify which costs are allocated and claimed under this program. In identifying expenditures for FFP there are five special considerations.

(1) The determination and redetermination of eligibility, fair hearings and appeals, rate setting and other costs directly related only to the administration of the foster care program under this Part are deemed allowable administrative costs under this paragraph. They may not be claimed under any other section of the Federal program.

(2) The following are examples of allowable administrative costs necessary for the administration of the foster care programs:

(i) Referral to services;
(ii) Preparation for and participation in judicial determination;
(iii) Placement of the child;
(iv) Development of the case plan;
(v) Case reviews;
(vi) Case management and supervision;
(vii) Recruitment and licensing of foster homes and institutions;
(viii) Rate setting; and
(ix) A proportionate share of related agency overhead.

(3) Allowable administrative costs do not include the costs of social services provided to the child, the child's family or foster family which provide counseling or treatment to ameliorate or remedy personal problems, behaviors or home conditions.

(4) Funds expended with respect to nonrecurring costs of adoption proceedings for children on behalf of whom adoption assistance is provided under the State plan may not be reimbursed as administrative costs under IV-E.

(5) Foster and adoptive parents, and staff of licensed or approved child care institutions providing foster care under this Part, shall be eligible for short-term training at the initiation of or during their provision of care. FFP directly related to such training shall be limited to travel and per diem.

Item (1) above lists administrative costs which must now only be claimed under Title IV-E. This means that even if there is not enough IV-E FFP to participate in all of these costs, they cannot be claimed under any other Federal program.

Item (2) above lists allowable administrative costs that may be claimed under other Federal programs (for example, the social services block grant).

Items (3) and (4) above list expenditures which may not be claimed as administrative costs.

Item (5) describes the limits of training for foster and adoptive parents.

Federal Financial Participation is available at 75% for costs of training personnel employed or preparing for employment by the State or local agency administering the plan.

Any county using COFARS which wishes to claim FFP for IV-E administrative costs or staff development costs should consider IV-E as a separate program from their social services program. If a county choose to report IV-E as a separate program, then a separate Expense and and Revenue Report (DPW-2540) should be used to report the IV-E program. The Public Aid Assistance Expenditure Object (6800) should reflect the amount paid for individuals and should equal the total of the amount shown on the Report of Payments under Title IV-E (Form DPW-

Attachment 2: Form for Allocating Administrative Costs - Recommended

TITLE IV-E ADMINISTRATIVE COSTS

_____ COUNTY ( )

9-30-82

	Title IV-E Administration	IV-E Staff Development	Social Service	Total
Salaries				
Fringe Benefits				
Sub-Total				
Travel				
Direct Costs (#8660)				
Overhead				
TOTAL				
FFP	.50	.75		
Federal Share				

Attachment 3: Allocation Example Using Recommended Form

TITLE IV-E ADMINISTRATIVE COSTS (EXAMPLE)
COUNTY ( )
9-30-82

	Title IV-E Administration	IV-E Staff Development	Social Service	Total
Salaries	500.00	150.00	15,000.00	15,650.0
Fringe Benefits	50.00	15.00	1,500.00	1,565.0
Sub-Total	550.00	165.00	16,500.00	17,215.0
Travel	35.00	20.00	450.00	505.0
Direct Costs (#8660)	400.00			400.0
Overhead	1,117.00	336.00	33,547.00	35,000.0
TOTAL	2,102.00	521.00	50,497.00	53,120.0
FFP	.50	.75		
Federal Share	1,051.00	391.00		1,442.00

The sub-total of IV-E administration and IV-E staff development is divided by the total salary and fringe to determine the percentage needed to allocate overhead costs. See example below:

IV-E Administration $\frac{550}{17,215.00} = .0319 \times 35,000 = 1,117.00$

IV-E Staff Development $\frac{165}{17,215.00} = .0096 \times 35,000 = 336.00$

2570). A Schedule of Supporting Information (Form DPW-2546) would not have to be completed, since this schedule would not give any additiona information. All other costs shown on the Expense and Revenue Report for the IV-E program would be direct delivery costs, and should not be shown in the Social Services program.

A county that is not using COFARS and wants to claim FFP for IV-E must distribute direct service costs between IV-E and social services. A suggested form to distribute these costs is attached and will be included each quarter with the Status of Social Services Fund Report (DPW-2444).

Staff Development costs will be segregated in the same fashion as administrative costs - a separate program for COFARS counties and allocated on a separate form for non-COFARS counties - if FFP is to be claimed.

An example of how to allocate overhead costs and the form to use is attached. Also shown on the attached pages are the accounts to be used in reporting the IV-E program costs. The account numbers and titles are to be placed on the social service quarterly report (DPW-2444) when reporting the costs. The same procedure is to be used when receipting and reporting IV-E income. Along with the IV-E expenditure and income accounts is a list showing the identification codes and abbreviations that will appear on the warrants issued from DPW for the IV-E program.

Questions should be directed to Harvey Parrott at (612) 296-7691, or Harland Carlson at (612) 296-7693.

Sincerely,

Francis E. Giberson

FRANCIS E. GIBERSON
Deputy Commissioner

Attachments (3)

Attachment 1: Account Numbers to be used for the IV-E Foster Care Program

Expenditure Accounts

8137	Child Welfare payments "Title IV-E Foster Care"
8511	Salaries-"Title IV-E Foster Care"
8512	Salaries-Training-"Title IV-E Foster Care"
8533	Fringe-"Title IV-E Foster Care"
8534	Fringe-Training "Title IV-E Foster Care"
8543	Travel-"Title IV-E Foster Care"
8544	Travel-Training "Title IV-E Foster Care"
8660	Other-Direct Costs "Title IV-E Foster Care"

Income Accounts

8237	Refunds, Cancellations, Recoveries-"Title IV-E Foster Care"
8337	Income Federal-Program-"Title IV-E Foster Care"
8338	Income Federal-Administrative-"Title IV-E Foster Care"
8437	Income State-Program-"Title IV-E Foster Care"

Identification Codes & Abbreviations on Warrants Received from DPW

ADM-IV-E	Administrative Aid for Title IV-E Foster Care
F IV-E	Federal Share-Court Ordered & Voluntary Placement Title IV-E Foster Care
S IV-E	State Share-Court Ordered & Voluntary Placement Title IV-E Foster Care

Exhibit #5

Department of Human Services, Community Social Services Division

Outside Opinion Sought Concerning Rules Governing the Allocation of Title IV-E Funds to Counties

Notice is hereby given that the Minnesota Department of Human Services is seeking information or opinions from sources outside the agency in preparing to draft a rule governing the allocation of Title IV-E funds to counties. Authorization for the rule is found in Minnesota Statutes, sections 393.07, subdivision 2; 256.01 subdivision 2 (2); and 256.011.

The Minnesota Department of Human Services requests information and comments concerning the subject matter of this proposed rule. Interested or affected persons or groups may submit statements of information or comment orally or in writing. Written statements should be addressed to:

Jane Delage
Rules Unit
Minnesota Department of Human Services
4th Floor, Centennial Office Building
658 Cedar St.
St. Paul, MN 55155

Oral statements and comments will be received during regular business hours over the telephone at 612/297-4302.

All statements of information and comment shall be accepted until further notice. Any written material received by the Minnesota Department of Human Services shall become part of the record in the event the rule is promulgated.

Minnesota Pollution Control Agency

Notice for Request for Qualifications (RFQ) and Current Fee Structure

The Minnesota Pollution Control Agency (MPCA) wishes to develop a list of contractors that are capable of providing emergency treatment of municipal water supplies within the State of Minnesota that have been contaminated with volatile organic compounds. Contracts would be executed using emergency contracting procedures on a case by case basis. Funding for treatment services will come from the State Superfund and be apportioned out on a site by site basis. It is estimated that $250,000 worth of emergency treatment services will be needed over a 24 month period.

Copies of the RFQ are available from:

Bruce Brott
Minnesota Pollution Control Agency
Solid and Hazardous Waste Division
1935 West County Road B2
Roseville, Minnesota 55113

All statements of qualifications and current fee structures must be submitted to the MPCA by Friday, July 11 or 25 days from the date of first publication of this notice, whichever is later.

Public Employees Retirement Association (PERA)

Comments Sought in Preparation of Proposed Rules Interpreting, Defining, and Clarifying Certain Statutory Language Governing Police Officer Eligibility for Membership in the PERA Police and Fire Fund

Notice is hereby given that the Public Employees Retirement Association (PERA) is seeking comments from sources outside the agency in advance of the preparation of proposed rules interpreting, defining, and clarifying the "power to arrest by warrant" language of Minnesota Statutes, Section 353.64, subdivision 2, which, in part, sets forth criteria governing eligibility of police and/or other law enforcement officers for membership in the PERA Police and Fire Fund. Statutory authority to adopt, alter, and enforce reasonable rules consistent with the laws of the State for the administration and management of the fund is granted by Minnesota Statutes, Section 353.03.

Exhibit #6

Department of Human Services, Community Social Services Division

Outside Opinion Sought Concerning Rules Related to the Allocation of Federal Dollars Received for the Title IV-E Administration and Training Program and for the Administrative Costs Incurred in Providing Social Services Under Title IV-D and Title XIX

Notice is hereby given that the Minnesota Department of Human Services is seeking information or opinions from sources outside the agency in preparing to draft rules relating to the allocation of federal dollars received for the Title IV-E administration and training program and for the administrative costs incurred in providing social services under Title IV-D and Title XIX of the Social Security Act. This notice expands the scope of the notice published in the *State Register* on June 2, 1986 to include social service costs associated with Title IV-D and Title XIX funding. Authority for the promulgation of these rules is found in Minnesota Statutes, sections 256.01, subdivision 2(2); 256.011; 256B.04; subdivision 2; and 393.07, subdivisions 2 and 3.

The Minnesota Department of Human Services requests information and comments concerning the subject matter of this proposed rule. Interested or affected persons or groups may submit statements of information or comment orally or in writing. Written statements should be addressed to:

Jane M. Delage
Rules Unit
Minnesota Department of Human Services
4th Floor, Centennial Office Building
658 Cedar St.
St. Paul, MN 55155

Oral statements and comments will be received during regular business hours over the telephone at 612/297-4302.

All statements of information and comment shall be accepted until further notice. Any written material received by the Minnesota Department of Human Services shall become part of the record in the event the rule is promulgated.

Department of Labor and Industry

Notice of Certified Prevailing Wage Rates

On August 1, 1986 the commissioner certified prevailing wage rates for commercial construction projects in the following Minnesota counties: Aitkin, Anoka, Becker, Beltrami, Carlton, Cass, Clay, Clearwater, Cook, Crow Wing, Hubbard, Itasca, Kittson, Koochiching, Lake, Lake of the Woods, Mahnomen, Marshall, Norman, Ottertail, Pennington, Polk, Red Lake, Roseau, St. Louis, Wadena and Wilkin.

A copy of the determined wage rates for Minnesota counties may be obtained by contacting the Minnesota Documents Division, 117 University Avenue, St. Paul, Minnesota 55155. The charges for the cost of copying and mailing are $.50 for the first county and $.30 for any subsequent copies of the same or other counties. For all 87 counties the charge of $25.00. A sales tax of 6% must be added to all orders, plus $1.50 for postage and handling of mail orders.

A check or money order payable to the State of Minnesota must accompany each request.

Steve Keefe, Commissioner
Department of Labor & Industry

Metropolitan Council

Notice of Review Schedule for Draft Legislation for Supplemental Regional Park Operations and Maintenance Funds and Proposed Amendments to the Metropolitan Development Guide Recreation Open Space Policy Plan:
1. Modification of Allocations in the Fiscal Year 88-89 Biennium of the Capital Improvement Program
2. Addition of State and Federal Recreation Areas As Eligible Components of the Regional Parks System

The Metropolitan Council will undertake three major efforts with regard to its Recreation Open Space Policy Plan this fall. The

Exhibit #7

STATE OF MINNESOTA
DEPARTMENT OF HUMAN SERVICES
CENTENNIAL OFFICE BUILDING
ST. PAUL, MINNESOTA 55155

INFORMATIONAL BULLETIN #86-61C October 29, 1986

TO Chairperson, Board of County Commissioners
Attention: Director

Chairperson, Human Service Board
Attention: Director

SUBJECT: Title IV-E Revenue Enhancement

I. PURPOSE

The purpose of this bulletin is to: 1) update you on the Title IV-E Revenue Enhancement Project; 2) share with you recent accomplishments; and 3) identify major steps and priorities for the coming year.

II. BACKGROUND

For over a year DHS, with the able assistance of a county task force, has worked to maximize federal reimbursement authorized by the Title IV-E Act, and to strengthen and streamline the policy provisions of the program. Since October 1985 we have designed and implemented a random moment study of county social service staff; submitted a modified cost allocation plan to the federal regional office; provided training on random moment survey methods and individual client Title IV-E eligibility; and have requested special reports from counties relative to their Social Service Cost Pool Expenditures, the number of Title IV-E eligible children, and the total number of children in out-of-home placement.

Previous bulletins that have specifically addressed this initiative are: a) Instructional Bulletins #85-104 (September 27, 1985), #85-104A (October 2, 1985), #85-104B (October 3, 1985) and #86-66A (February 5, 1986); b) Request Bulletins #95-40 (October 10, 1985), #85-40a (December 6, 1985), #86-66A (February 5, 1986), #86-66B (March 13, 1986) and #86-66C (May 14, 1986); and c) Informational Bulletin #86-66B (August 21, 1986).

III. LEGAL REFERENCES

Federal Public Law 96-272 and Minnesota Statutues, section 256.01.

IV. DISCUSSION

Cost Allocation Plan: On August 12, 1986, Department and federal staff held a negotiation meeting on the modified Cost Allocation Plan submitted in December 1985. On September 5, the Department received the official federal written position. The Federal Division of Cost Allocation approved the Department's cost allocation methodology, with one major exception. We also agreed to several minor adjustments recommended by federal staff, but disagreed with federal policy on the two claiming practice.

The major exception is that Federal Title IV-D program staff believe the claims we made against the IV-D program are not appropriate. We are researching their position. If the claims are not claimable against the Title IV-D program at a 70 percent federal financial participation (FFP) rate, they are claimable against Title IV-E administration, at a 50 percent FFP rate.

We agreed to several minor adjustments recommended by federal staff. They involve the Random Moment Survey (RMS) methodology, training and record keeping, revising one of the definitional codes, adding greater precision to some of the cost allocation modification statements and providing greater statistical analysis of RMS data by DHS staff. We are in the process of implementing these adjustments.

We disagreed with the Federal Administration for Children, Youth, and Families policy of not paying for "eligibility" determinations if a child is found not eligible for Title IV-E. This subject is before the Federal Grant Appeals Board. Also, retroactive claims for federal fiscal years 1984 and 1985 were not rejected by the Chicago office. However, we must clearly demonstrate to the federal office that our current activities documented through the random moment survey are essentially similar to the activities that occurred in 1984 and 1985.

Retroactive Claims - Back Claims: Attachment #1 of this bulletin contains the administrative dollar amounts claimed by the Department on behalf of the counties for federal fiscal years 1984 and 1985, using the new methodology. We have several reasons to believe that FFY 1986 claims will be quite similar.

Random Moment Survey: Several minor adjustments are planned and most affect this Department rather than county social services agency operations. DHS has agreed to RMS computerization on one system and to greater statistical analysis of the data. One of the matrix codes dealing with child welfare training needs to be expanded. This will affect county practice. The federal office wants us to identify county training in RMS methodology. The list of workers and RMS coordinators needs to be updated. The Department is also required to make some on-site visits when "observations" are being made. We will package all these changes into one future Commissioner's bulletin release.

Dollars: Our effort will impact federal grant award letters in the near future. Because you are in your budgeting process we are providing you with Attachment #2; please be aware of three straightforward cautions. First, the Title IV-D dollar column may not be resolved for a time if we contest federal policy interpretations, or may be reduced to 50 percent claiming level rather than the 70 percent shown. Second, the figures are projections; even the 1985 actuals need validation. Third, as yet the Department has not officially published the proposed IV-E distribution rule in the State Register or held its public hearing.

Distribution Rule: Notification of intent to solicit outside opinion was published in the State Register on August 11, 1986. Limited discussion with the county advisory task force membership has taken place. Because of other priorities, this draft rule is not as far along as we had hoped. However, the major direction and content of the rule has been decided upon. The following is an outline of the distribution rule:

Title IV-E Dollars: Both administrative and training, will be allocated based on:

A. A county's social service cost pool expenditures;

B. Times a ratio of:

   1. County Title IV-E eligible children; over

   2. The denominator, all children in out-of-home care.

Title XIX Dollars:

A. A county's social services cost pool expenditures;

B. Times a county's open, average, yearly MA cases.

If Title IV-D dollars are claimed and received, their disbursement will follow the Title IV-E allocation criteria given above.

Other major provisions of the rule are:

A. A one-year-only hold harmless provision will guarantee about ten counties their 1985 level of claiming, funded from those counties who made no claim in 1985. This is needed for budgeting adjustment cycles and will cost about $100,000.

B. A negative sanction provision against counties who do not submit fiscal and children reports on time, which delays federal claiming and grant award practices.

C. A provision that if a federal administrative audit exception is taken, all counties share equally in its fiscal consequences.

Exhibits: Quarterly, since October 1, 1985, and through December 31, 1986, we have asked counties for the completion of Exhibit #1, which details a county's social services cost expenditure pool, the number of children receiving Title IV-E, and the number of children in out-of-home placement. Exhibit #1 was needed to validate the fiscal claims, prevent federal exceptions, and provide specific valid data currently unavailable in DHS reporting systems. We will attempt to meet our January 1, 1987, goal of incorporating the fiscal portion of the Exhibit #1 into the quarterly social services fund COFARS report (DHS 2556), thus eliminating this county duplication effort. At this time collecting children's counts, either through CSIS or on fiscal reports, do not appear to be valid for federal claiming purposes and therefore this portion of Exhibit #1 may be necessary in 1987, or until we are able to modify existing reporting systems.

AFDC-Emergency Assistance: A year ago the Department was studying whether the Emergency Assistance Provisions of the AFDC Act, Title IV-A, would allow us, with state law modifications, to bill for all, or part, of a child's first 90 days of foster care. The Department drafted legislation to allow this. Later we learned about federal audit exceptions in states making such claims and the legislation subsequently was placed on a "hold" status. A few states are now redesigning their federal claims to bill for child protection administrative functions. We are following this effort and will keep you informed. We are not proposing legislative modifications for this effort in the 1987 session.

Planned Activities - Underway or Soon Underway:

A. Minnesota Social Services Manual rewrites on Title IV-E eligibility are underway.

B. The merits of a Title IV-E rule are being considered.

C. Legislation or state establishment of difficulty of care rates will be introduced in the 1987 session. This is necessary because of recent federal audit exceptions and federal fiscal complexities of the Gramm-Rudman-Hollings Act. (Instructional Bulletins #86-32F, August 19, 1986; and #86-32G, September 25, 1986.)

D. One-time Title IV-E child eligibility review is being planned. Currently 27 percent of the children in out-of-home care are Title IV-E eligible. Some states are at 50 percent eligibility and most other states are significantly above 27 percent. Raising the percentage will significantly increase the dollar amount of county maintenance and administrative fiscal claims. The Department will design a one-time eligibility review package and will hold training sessions for those counties who desire to assure themselves that all eligible children are claimed.

E. The Department will analyze fiscal per diem rates in group and residential facilities serving Title IV-E children to maximize federal maintenance claims. We will soon ask such facilities to internally conduct a random moment log study and require submittal of their line item budgets. We believe a greater share of these expenditures can be claimed as Title IV-E maintenance. We further believe the dollar impact will be in excess of a million dollars to counties.

F. DHS will continue to contest federal policy or not reimbursing eligibility determinations where the child is ultimately found ineligible, continue to pursue the federal "retroactive" claims position; and continue to research the federal position on the submitted Title IV-D claims.

G. Other activities are under consideration such as additional training on Title IV-E eligibility; determining if Title IV-E licensing issues can be successfully addressed; and disseminating model agreement for court services efforts.

V. QUESTIONS

Questions regarding this bulletin may be addressed to the Title IV-E Revenue Enhancement Project Officer, Charles L. Fecht, Associate Director, Community Social Services Division, telephone 612/296-2373.

Sincerely,

Al Hanzal

AL HANZAL
ASSISTANT COMMISSIONER

Attachments

DHS TITLE IV-E INITIATIVE COUNTY CLAIMS SUBMITTED

New Claims Submitted	IV-E Admin.	IV-E Training	IV-D Admin.	Title XIX Admin.	Total
First Quarter FFY 84	$ 459,110	$ 83,649	$ 81,657	$ 845,742	$1,470,158
Second Quarter FFY 84	491,133	71,650	71,822	743,871	1,378,476
Third Quarter FFY 84	514,598	82,779	76,562	792,960	1,466,899
Fourth Quarter FFY 84	485,835	78,640	74,502	771,630	1,410,607
Sub Total	1,950,676	316,718	304,543	3,154,203	5,726,140
First Quarter FFY 85	553,228	82,048	80,076	829,357	1,544,709
Second Quarter FFY 85	538,152	80,915	78,155	809,459	1,506,681
Third Quarter FFY 85	411,279	78,581	81,216	841,174	1,412,250
Fourth Quarter FFY 85	502,104	87,059	84,612	876,337	1,550,112
Sub Total	$2,004,763	$328,603	$324,059	$3,356,327	$6,013,752

Above are additional claims.

Prior Claims

FFY 84	$2,005,179	$86,339
FFY 85	$1,887,629	$49,433

Prepared by Charles L. Fecht, October 1, 1986.

SFBUL/19.5

Attachment #1

ESTIMATED COUNTY SHARES OF FEDERAL REIMBURSEMENT FOR IV-E SERVICES

MINNESOTA 1985 DATA

(1) COUNTY	(2) SOCIAL SERVICE EXPEND	(3) AVERAGE NO IV-E CHILDREN PER MONTH	(4) AVERAGE NO CHILDREN IN SUB CARE FFY85	(5) PERCENT STABILIZED CTY SHARE BASED ON col 2/5/4	(6) APPROX FFY 1985 EARNINGS	TRIAL ALLOC OF 3,892,392 (ADMIN)	TRIAL ALLOC OF 378,036 (TRAINING)	(9) TRIAL ALLOC OF 324,059 (IV-B)	(10) TRIAL TOTAL col 7+8+9	(11) AVERAGE NO PAID MA CASES PER MONTH	(12) PERCENT STABILIZED CTY SHARE BASED ON SQR(c 2*11)	(13) TRIAL ALLOC OF 3,356,327 (HEALTH REL	(14) TRIAL GRAND TOTAL col 10+13
Aitkin	463,528	14.75	24.25	0.82%	14,899	31,748	3,083	2,643	37,475	686	0.49%	16,334	53,809
Anoka	2,333,239	49.43	188.08	2.12%	129,703	82,345	7,998	6,856	97,199	3,816	2.58%	86,431	183,630
Becker	722,752	33.68	81.17	0.99%	16,002	38,694	3,758	3,221	45,673	1,310	0.84%	28,185	73,858
Beltrami	1,109,649	60.93	115.67	1.94%	24,479	75,329	7,316	6,271	88,917	1,709	1.19%	39,889	128,805
Benton	416,821	8.28	10.42	0.77%	0	23,461	2,924	2,507	28,892	829	0.51%	17,007	45,898
Big Stone	210,788	2.58	6.83	0.23%	2,746	8,955	870	746	10,570	316	0.22%	7,476	18,046
Blue Earth	1,071,542	25.93	59.75	1.52%	17,966	59,035	5,734	4,915	69,684	1,375	1.05%	35,159	104,843
Brown	406,343	10.83	20.17	0.63%	3,564	24,514	2,381	2,041	28,936	721	0.47%	15,678	44,614
Carlton	863,424	18.85	73.67	0.77%	17,768	29,875	2,902	2,487	35,264	1,258	0.90%	30,188	65,453
Carver	867,751	5.75	44.67	0.46%	14,741	18,099	1,758	1,507	21,364	615	0.63%	21,160	42,524
Cass	823,599	25.93	60.25	1.16%	20,203	45,052	4,376	3,751	53,179	1,216	0.86%	28,988	82,166
Chippewa	360,663	8.83	16.00	0.55%	2,902	21,531	2,091	1,793	25,415	444	0.35%	11,591	37,006
Chisago	294,769	10.83	26.75	0.38%	0	11,376	1,418	1,215	14,009	727	0.40%	13,409	27,418
Clay	625,595	18.08	47.42	0.78%	19,437	30,411	2,954	2,532	35,896	1,420	0.81%	27,301	63,197
Clearwater	334,460	3.33	8.42	0.38%	697	14,806	1,438	1,233	17,477	634	0.40%	13,338	30,815
Cook	259,438	1.18	1.92	0.29%	0	8,946	1,115	956	11,017	127	0.16%	5,258	16,274
Cottonwood	265,165	3.85	18.75	0.21%	3,341	8,170	793	680	9,643	416	0.29%	9,620	19,264
Crow Wing	1,028,458	14.83	60.08	0.89%	56,495	34,574	3,358	2,878	40,810	1,882	1.20%	40,299	81,109
Dakota	3,898,727	37.93	205.00	2.54%	62,171	98,833	9,599	8,228	116,660	3,049	2.98%	99,868	216,528
Dodge	162,573	1.58	20.33	0.08%	0	2,427	302	259	2,989	390	0.22%	7,294	10,282
Douglas	498,734	3.43	27.75	0.28%	19,665	10,950	1,064	912	12,925	942	0.59%	19,854	32,779
FMN	978,107	14.50	58.08	0.85%	8,626	33,222	3,227	2,766	39,214	1,540	1.06%	35,550	74,764
Fillmore	205,963	12.68	20.08	0.36%	0	11,033	1,375	1,179	13,587	817	0.35%	11,882	25,469
Freeborn	937,553	22.25	79.67	0.90%	58,251	35,032	3,402	2,917	41,350	1,078	0.87%	29,120	70,471
Goodhue	280,737	7.33	53.25	0.15%	90	5,998	582	499	7,079	1,086	0.48%	15,994	23,073
Grant	157,488	1.68	2.42	0.19%	0	5,873	732	628	7,233	244	0.17%	5,678	12,911
Hennepin	38,358,305	358.50	1,604.83	29.53%	723,734	1,149,509	111,642	95,702	1,356,853	29,784	29.17%	979,059	2,335,912
Houston	172,426	5.75	10.67	0.24%	0	7,412	924	792	9,128	523	0.26%	8,698	17,826
Hubbard	238,995	8.98	21.75	0.30%	11,738	11,835	1,149	985	13,970	759	0.37%	12,337	26,307
Isanti	668,282	32.15	77.00	0.92%	51,113	35,923	3,489	2,991	42,403	720	0.60%	20,092	62,495
Itasca	1,035,354	20.43	70.83	1.02%	0	31,002	3,864	3,312	38,178	2,086	1.27%	42,568	80,747
Jackson	208,132	2.00	11.92	0.16%	1,070	6,057	588	504	7,150	383	0.24%	8,178	15,328
Kanabec	216,888	9.60	15.42	0.36%	8,120	14,129	1,372	1,176	16,678	445	0.27%	8,999	25,677
Kandiyohi	703,210	39.60	69.42	1.29%	31,767	50,245	4,880	4,183	59,308	1,303	0.83%	27,727	87,035
Kittson	123,924	5.50	5.58	0.23%	0	6,860	855	733	8,448	289	0.16%	5,482	13,930
Koochiching	480,141	12.28	36.75	0.53%	27,341	20,688	2,009	1,722	24,420	753	0.52%	17,417	41,836
Lac Qui Par	212,759	3.00	10.50	0.21%	0	6,242	778	667	7,687	311	0.22%	7,451	15,138
Lake	407,783	5.75	14.75	0.48%	4,017	18,787	1,825	1,564	22,176	379	0.34%	11,387	33,563
Lk of Woods	103,154	3.00	3.25	0.15%	0	4,682	584	500	5,766	137	0.10%	3,443	9,209
LeSueur	407,601	20.90	47.00	0.58%	6,260	22,666	2,201	1,887	26,754	673	0.45%	15,171	41,925
Reg. VIII N	858,154	15.25	30.00	1.33%	2,185	51,765	5,027	4,310	61,102	1,310	0.92%	30,712	91,814
McLeod	411,649	11.50	40.92	0.40%	6,848	15,445	1,500	1,286	18,231	688	0.46%	15,415	33,646
Mahnomen	194,811	6.25	10.58	0.29%	0	8,905	1,110	951	10,966	321	0.22%	7,243	18,210
Marshall	174,508	0.68	7.42	0.12%	0	3,595	448	384	4,427	377	0.22%	7,430	11,857
Meeker	136,406	6.25	26.67	0.12%	6,711	4,491	436	374	5,301	625	0.25%	8,458	13,758

ESTIMATED COUNTY SHARES OF FEDERAL REIMBURSEMENT FOR IV-E SERVICES

MINNESOTA 1985 DATA

Less $100,000 in col (7) across counties with $0 in col (6)
*note--3,892,392 is basis for allocating remaining counties.

(1) COUNTY	(2) SOCIAL SERVICE EXPEND	(3) AVERAGE NO IV-E CHILDREN PER MONTH	(4) AVERAGE NO CHILDREN IN SUB CARE FFY85	(5) PERCENT STABILIZED CTY SHARE BASED ON col 2÷3/4	(6) APPROX FFY 1985 EARNINGS	*see note (7) TRIAL ALLOC OF 3,892,392 (ADMIN)	(8) TRIAL ALLOC OF 378,036 (TRAINING)	(9) TRIAL ALLOC OF 324,059 (IV-D)	(10) TRIAL TOTAL col 7+8+9	(11) AVERAGE NO PAID MA CASES PER MONTH	(12) PERCENT STABILIZED CTY SHARE BASED ON SSR(c 2÷11)	(13) TRIAL ALLOC OF 3,356,327 (HEALTH REL	(14) TRIAL GRAND TOTAL col 10+13
Mille Lacs	383,864	13.18	37.25	0.45%	0	13,515	1,684	1,444	16,643	849	0.49%	16,536	33,179
Morrison	651,942	19.93	46.67	0.90%	8,475	34,962	3,396	2,911	41,268	1,267	0.78%	26,326	67,594
Mower	519,348	27.75	86.83	0.56%	2,985	21,922	2,129	1,825	25,876	1,352	0.72%	24,272	50,148
Nicollet	300,935	9.18	20.42	0.41%	820	15,819	1,536	1,317	18,672	535	0.35%	11,623	30,295
Nobles	571,900	7.98	25.50	0.60%	0	18,056	2,250	1,929	22,236	617	0.51%	17,206	39,442
Norman	205,240	5.25	8.33	0.31%	0	9,365	1,167	1,001	11,533	358	0.23%	7,852	19,384
Olmsted	1,660,414	20.83	125.75	0.99%	10,430	38,647	3,753	3,218	45,618	1,865	1.52%	50,972	96,590
Otter Tail	1,336,987	12.08	47.25	1.19%	1,544	46,416	4,508	3,864	54,788	1,854	1.36%	45,604	100,392
Pennington	290,413	6.00	8.50	0.47%	4,249	18,426	1,790	1,534	21,749	549	0.34%	11,566	33,315
Pine	539,379	15.83	66.17	0.45%	13,070	17,631	1,712	1,468	20,812	1,023	0.64%	21,516	42,328
Pipestone	138,461	3.65	11.42	0.14%	5,263	5,553	539	462	6,554	357	0.19%	6,440	12,994
Polk	371,759	17.18	32.33	0.60%	0	18,277	2,278	1,953	22,508	1,534	0.65%	21,874	44,382
Pope	215,105	5.33	5.33	0.39%	0	11,845	1,476	1,266	14,587	393	0.25%	8,422	23,009
Ramsey	13,486,891	162.83	876.17	8.67%	210,699	337,580	32,786	28,105	398,472	16,488	12.87%	431,943	830,415
Red Lake	58,169	0.33	1.50	0.05%	0	1,630	203	174	2,007	193	0.09%	3,069	5,076
Redwood	466,072	15.10	33.75	0.65%	3,037	25,490	2,476	2,122	30,088	528	0.43%	14,369	44,457
Renville	260,780	16.68	36.75	0.37%	0	11,318	1,411	1,209	13,938	568	0.33%	11,148	25,086
Rice	918,791	19.08	49.92	1.15%	0	34,952	4,356	3,734	43,043	1,094	0.87%	29,040	72,083
Rock	152,131	3.68	7.75	0.19%	0	5,759	718	615	7,092	207	0.15%	5,140	12,232
Roseau	227,757	2.25	2.92	0.30%	10,361	11,836	1,150	985	13,971	408	0.26%	8,830	22,801
St. Louis	12,863,902	131.35	439.83	13.20%	155,280	513,746	49,896	42,772	606,413	10,072	9.82%	329,709	936,122
Scott	1,234,660	15.25	66.83	1.00%	2,316	38,774	3,766	3,228	45,768	815	0.87%	29,056	74,825
Sherburne	744,979	11.60	47.50	0.64%	16,780	24,926	2,421	2,075	29,423	740	0.64%	21,507	50,929
Sibley	260,861	3.75	14.33	0.24%	0	7,288	908	779	8,975	407	0.28%	9,438	18,413
Stearns	1,605,156	16.33	58.58	1.54%	15,539	59,844	5,812	4,982	70,639	2,569	1.75%	58,820	129,459
Steele	337,395	13.43	47.33	0.33%	9,074	12,761	1,239	1,062	15,063	600	0.39%	13,033	28,096
Stevens	159,717	0.00	7.50	0.09%	0	2,631	328	281	3,240	296	0.19%	6,298	9,538
Swift	316,861	5.48	16.00	0.35%	10,198	13,448	1,306	1,120	15,873	490	0.34%	11,414	27,287
Todd	867,881	8.93	21.42	1.11%	0	33,697	4,200	3,600	41,497	1,105	0.85%	28,366	69,863
Traverse	115,901	1.48	6.25	0.10%	3,703	4,049	393	337	4,779	220	0.14%	4,625	9,404
Wabasha	245,260	16.43	24.08	0.48%	0	14,413	1,796	1,540	17,749	587	0.33%	10,991	28,740
Wadena	348,206	5.15	13.92	0.40%	10,492	15,429	1,499	1,285	18,212	712	0.43%	14,423	32,635
Waseca	242,803	15.85	32.75	0.36%	0	11,034	1,375	1,179	13,588	497	0.30%	10,062	23,650
Washington	1,631,482	26.00	125.83	1.19%	11,748	46,277	4,495	3,853	54,625	1,808	1.48%	49,748	104,373
Wilkin	128,115	0.25	4.25	0.09%	0	2,827	352	302	3,481	331	0.18%	5,965	9,446
Winona	540,949	13.68	33.83	0.70%	2,552	27,175	2,639	2,262	32,077	1,247	0.71%	23,790	55,867
Wright	1,039,833	15.68	109.00	0.55%	0	16,817	2,096	1,797	20,710	1,354	1.02%	34,370	55,080
Yellow Med	339,598	0.93	6.92	0.25%	0	7,725	963	825	9,513	436	0.33%	11,146	20,659
TOTAL	110,469,445	1672.08	6,052.77	100.00%	1,904,365	3,792,389	378,036	324,059	4,494,484	126,838	100.00%	3,356,327	7,850,811

Attachment #2
CLF 10-1-86

Exhibit #8

5 April 1987

Dick Hardes
Division of Social Services
Minnesota Department of Human Services
St. Paul, Minnesota 55155

Dear Mr. Hardes:

Please find enclosed explanations of the formulas proposed for the distribution of Federal funds for the Title IV-E foster care and the Title XIX Medicaid programs resulting from the information produced by Minnesota's Social Services Time Study (SSTS). These two explanations set out the factors used and the basis for their use, particularly as they relate to the respective programs to which the distribution formulas apply.

If you have any questions, please do not hesitate to call me at 602-996-6605.

Sincerely,

D. Allen Meyer

D'Amico Associates
4230 E. Mountain View
Phoenix, Arizona 85028

EXPLANATION OF THE FORMULA TO DISTRIBUTE TITLE IV-E FOSTER CARE FEDERAL FUNDS

The statistical formula to distribute Title IV-E funds is designed to utilize those factors most closely related to the actual operation of the Title IV-E program by counties, and to give proper weight to those factors, in a statistically valid fashion.

While many different factors could be suggested as impinging on a county's operations and costs of conducting Title IV-E activities, three factors -- number of foster care children, number of foster care children eligible under Title IV-E, and social services costs -- are the most direct and intensively related to a county's Title IV-E activities, which obviously must be the basis for a county's Title IV-E reimbursement.

The magnitude of a county's Title IV-E eligible children provides a direct measure of the burden of providing services to Title IV-E children. All other things being equal, having six Title IV-E children costs twice as much as having three Title IV-E children. Thus the distribution formula includes this factor and gives each county the relative weighting for its number of Title IV-E children.

The social services expenditures figure provides a measure of the cost of providing services in a particular county. When this figure is divided by the number of foster care children in the county (as occurs in the distribution formula), it yields the relative cost of providing service to a child. Thus the formula takes into account that counties have differing costs of providing similar services to children, e.g., some counties may spend much more than others for a specific service due to higher personnel costs.

The distribution formula provides a standard statistical formula for weighing the above factors among all of Minnesota's counties and thereby deriving each county's appropriate share of the statewide Title IV-E reimbursement. In addition, a "smoothing factor" has been included in the distribution formula to protect very small counties (i.e., those with very small Title IV-E caseloads) from potentially wide swings in their reimbursement which might result should they experience wide swings in their numbers of Title IV-E eligible children in a given quarter. Such wide swings in funding could seriously disrupt a county's ability to provide quality services continually to its needy children, especially since such counties are overwhelmingly likely to be those with low overall resources. The "smoothing factor", while protecting small counties from disruptive swings in reimbursement, affects larger counties' allocations to only a very minor degree.

EXPLANATION OF THE FORMULA TO DISTRIBUTE TITLE ~~IV-E~~ XIX ~~FOSTER CARE~~ FEDERAL FUNDS

The statistical formula to distribute Title XIX Medicaid funds is designed to utilize those factors most closely related to the actual operation of the Title XIX program by counties, and to give proper weight to those factors, in a statistically valid fashion.

While many different factors could be suggested as impinging on a county's operations and costs of conducting Title XIX activities, two factors -- number of Medicaid-eligible persons in the county and social services costs -- are the most direct and intensively related to a county's Title XIX activities, which obviously must be the basis for a county's Title ~~IV-E~~ XIX reimbursement.

The number of people in a county eligible for Medicaid provides a direct measure of the burden of providing Medicaid services for that county. All other things being equal, serving a thousand Medicaid clients would be half as expensive as serving two thousand Medicaid clients. Thus the distribution formula includes this factor and gives each county the relative weighting for its number of Title XIX clients. The social services expenditures figure provides a measure of the cost of providing services in a particular county, which, when compared with such costs for other counties, will provide a relative measure weighted for that county. The social services expenditures figure is further appropriate because it is those costs for which Federal Title XIX reimbursement is being sought, based on the results of the Social Services Time Study (SSTS).

The distribution formula provides a standard statistical formula for weighing the above factors among all of Minnesota's counties and thereby deriving each county's appropriate share of the statewide Title XIX reimbursement.

Exhibit #9

2421 Sheridan Avenue South
Minneapolis, Minnesota 55405
December 31, 1986

Mr. Dan Lipschultz
Rule Development Specialist
Minnesota Department of Human Services
Centennial Office Building
St. Paul, Minnesota 55155

Dear Dan,

I have redrafted slightly the statement of the formulae and definitions set forth in your rules, parts 9550.0320 and 9550.0330. I have also appended a concise statement of rationale for the formulae. I have tried to keep it as brief and clear as possible. Please let me know if this will satisfy your purpose.

Best Regards,

Bob

Robert E. Sherman, Ph.D.
Biometrician

9550.0320 TITLE IV-E AND TITLE IV-D REIMBURSEMENT

The following equation shall be used to calculate the local agency's share of the Title IV-E and Title IV-D money received by the department each quarter of the federal fiscal year:

(1) $$Ai = B * \frac{Ci \cdot \left(\frac{Di + F}{Ei + 10}\right)}{\sum_{i=1}^{87} Ci \cdot \left(\frac{Di + F}{Ei + 10}\right)}$$

where

Ai = the ith local agency's share of the Title IV-E and IV-D money,

B = the total amount of IV-E and IV-D money to be distributed for the quarter,

Ci = the social service cost pool for the ith local agency for the quarter,

Di = the average number of IV-E eligible children on the ith local agency's caseload during the quarter,

Ei = the number of children in substitute care on the ith local agency's caseload at the end of the quarter,

F = a stabilizing factor, equal to the statewide ratio of children eligible under Title IV-E to all children in foster care, multiplied by ten.

The large fraction in (1) is the proportion of the the total amount to be distributed that is allocated to the ith agency. The denominator of this fraction is simply a scale constant that serves to ensure that the sum of all allocation proportions is one. Thus the ith agency's reimbursement share is proportional to its statistic:

(2) $$Ci * \frac{Di + F}{Ei + 10}$$

That is, an agency receives a share of the amount B proportional to its IV-E expenditures (Ci) times an estimated proportion of its substitute care child caseload which was IV-E eligible. The estimated proportion IV-E eligible is based on the available statistics Di and Ei, and these may exhibit rather large proportional fluctuations in small agencys. The factors "F" and 10 are incorporated in the formula to reduce the amount of variability that this statistic would experience due to random caseload fluctuations. In effect, the proportion is estimated as if eligibility had been determined for a (fictitious) additional ten agency cases, and F of them had been found eligible. The product (2) is thus a slightly smoothed estimator of the agency's expenditure for the quarter on IV-E eligible children in substitute care.

9550.0330 TITLE XIX REIMBURSEMENT

The following equation shall be used to calculate the local agency's share of the Title XIX money received by the department:

$$(3) \qquad Ai = B * \frac{\sqrt{Ci * Di}}{\sum_{i=1}^{87} \sqrt{Ci * Di}}$$

where

Ai = the ith local agency's share of the Title XIX money to be distributed by the department,

B = the total amount of Title XIX money received for distribution by the department,

Ci = the social service cost pool reported by the ith agency during the quarter,

Di = the average number of persons receiving Medical Assistance in the ith agency during the quarter.

The fraction in (3) is the proportion of the amount B allocated to the ith agency. The denominator of this fraction is simply a scale constant which serves to ensure that the sum of all allocation proportions is one. An agency's allocation is thus seen to be proportional to its value of

$$(4) \qquad \sqrt{Ci * Di} \ .$$

The formula (4) is the geometric mean of the quantities Ci and Di.

Both of the quantities Ci and Di are expected to be roughly proportional to the agency's expenditures on Title XIX reimburseable activities, so it would be the square-root of (Ci * Di) that would also be expected to be proportional to these activities. The geometric mean has the quality of giving equal weight to proportional changes in either C or D regardless of the fact that they are measured on completely different scales (dollars for C, and recipients for D).

Exhibit #10

MINUTES

TITLE IV-E ADVISORY COMMITTEE
JANUARY 30, 1987

The meeting was called to order at 9:30 a.m. by chairperson, Chuck Fecht. Those in attendance were:

John Haines	Jim Franczyk
Jan Devens	Dan Lipschultz
Robert Barrett	Richard Hardes
Tom Henderson	Chuck Fecht
Beverly Barker	Alan Meyer
Jim Abts	Leo Vos
Pat Carlson	Chuck Koenigs
Jim Beatty	John Sellen

The minutes of the October 31, 1986, meeting were approved as sent.

Dan Lipschultz and Richard Hardes discussed the new draft of the distribution rule emphasizing several changes that were made.

First, the new draft eliminates any reference to Title IV-D. The Title IV-D claim was disallowed in the disallowance letter of September 3. We subsequently filed an appeal on this matter, but were again turned down. However, the feds did say that the activity we were claiming under Title IV-D could be claimed and reimbursed at 50 percent federal financial participation under Title IV-E administration. Thus, the Department has decided to drop the Title IV-D claim. This will mean a loss of approximately $150,000 a year.

The distribution formula for the Title IV-E money was discussed. Some minor changes were suggested by the group in how the local agency is identified in the formula. It was noted that the formula for the distribution of the Title XIX money was not changed.

Reporting requirements was the third item dealt with. The new draft increases to 20 calendar days after the end of the quarter that local agencies have to submit the required information for the Title IV-E claim to the state agency. Also, the draft lists the specific information the local agencies would be required to submit. Chuck emphasized that the Department realizes that this deadline may be difficult to meet. However, the state is required to submit its claim to the feds within 30 days after the end of the quarter. Also, the feds pay claims on a first come, first served basis. Thus, if a claim comes in late it can delay payment for as much as one year.

Bob Barrett pointed out that the Department was asking each county to provide the average number of persons in the county served under the Medical Assistance Program during the quarter. This information is currently being supplied to the local agencies by the Department. Bob suggested that the Department obtain this information internally, rather than asking local agencies to do so. Chuck agreed and said he would check into this matter.

The penalty provision was briefly discussed. It was pointed out that counties will be dealt with on an individual basis, with extenuating circumstances being taken into account. The group expressed support for having a penalty provision in the rule.

Fourth, the new rule allows the state to withhold up to 2 percent of the total dollars received to cover Department costs in running the Title IV-E Program. This item was discussed at length. The group agreed that there should be Department staff assigned to the Title IV-E Program. However, they felt that reimbursement should be claimed by the Department through the normal cost allocation process, not by taking the money from the funds generated by local agency Title IV-E activities. The committee then took the following formal action:

> Jan Devens moved and Tom Henderson second that the Department assign staff exclusively to the Title IV-E Program and charge their expenses directly to the Title IV-E Program. Passed 6-3.

The final portion of the draft that was discussed was the prior adjustment section. Richard Hardes asked the group for their opinion on this section, and the response was that it was satisfactory as written.

Dan Lipschultz then stated that the rule should be adopted some time between August 1 and September 1, 1987.

Jim Franczyk discussed the facility rate restructuring project. A questionnaire dealing with Title IV-E eligibility has been sent out to all Rule 5, 8, 35, 80, and correctional group facilities. One hundred and forty-seven facilities have responded to the questionnaires so far. Of the 147 facilities, it appears about 70 could participate in the random day log survey. Facilities that appear Title XIX eligible are being steered in that direction.

In the first week of February a letter announcing three separate training sessions on the random day log system and the annual cost report will be sent out to the eligible facilities. Local agencies are also invited to attend. The random day log is scheduled to go into effect in the facilities near the end of March or the first part of April. This information will be due to the Department by May 22. This information will then go into the Department's cost report. The results will be sent to the counties by July 1. At that same time a bulletin will be sent out to the counties on what changes should be made in the purchase of service contracts to allow maximum Title IV-E reimbursement. Several group members expressed concern over renegotiating contracts at this time. The feeling was that if we opened the contracts now many facilities would ask for a rate increase. It was suggested that the changes that are required be handled via a commissioner's bulletin. Jim Franczyk said he would check into the possibility of handling the changes in that manner.

Alan Meyer then added that they may be advising that all rate increases for facilities be renegotiated by May 1 in order to avoid any cuts in funding caused by Gram-Rudman. Alan hopes to have more information on this situation in the near future.

Jim Franczyk finished his report by noting that training for counties on new procedures for calculating Title IV-E claims is being planned for May 12, 13, and 14.

Chuck briefly mentioned that we are conferring with the Chemical Dependency Division concerning funding plans for Rule 35 facilities under Title IV-E and the new chemical dependency treatment fund.

Alan Meyer commented briefly on Title IV-E funding for group facilities. He said that in Minnesota on the average only 40 percent of the per diem is being claimed under Title IV-E. Ohio is claiming approximately 85 percent in similar facilities. If Minnesota could do the same it would mean an annual increase statewide of $1.2 million in federal reimbursement.

John Sellen and Alan Meyer discussed the social service cost pool. Instructional Bulletin #86-32I deals with this issue. John stated that the emphasis was put on developing clear standards of what can and what cannot go into the cost pool. The bulletin also describes the report that will be used to compute this information. John feels that if this report is completed according to directions, the county's claim should be able to withstand a federal audit.

John mentioned that we are also looking at some changes in the procedure for obtaining child counts. However, any changes must reflect the time study results.

Chuck passed out the federal fiscal year 1986 reports of the RMS. It was noted that local agency reports are coming in on time. However, one concern was that the number of "hits" in the category "other social service programs" have increased significantly, and this is costing us money. Chuck emphasized strongly that we want accurate reports from the workers. However, he also asked if the group had any suggestions on what could be done concerning this problem. The group offered the following suggestions. First, provide refresher training for agency staff to ensure that proper interpretation of the codes are being made. Second, the coding system itself needs further clarification. Chuck emphasized that the line social workers should complete the RMTS, as they are the people who know best what they are doing at any given time.

Chuck also mentioned that additional training on the RMS is being planned. Also, the Department plans to update the list of county workers and coordinators by the end of April.

Chuck distributed a copy of the prospective reimbursement under Title IV-E/XIX as prepared on January 27, 1987. It was noted that the Title IV-D column would need to be added to the Title IV-E column. Contingent upon the outcome of the State of Minnesota suit, additional reimbursements relative to negative eligibility cuts is possible.

The draft of the allocation table and estimated county share was distributed. Clarifying comments were made on the various column headings. It was noted that the estimated table is based on federal fiscal year 1985. The 1986 figures should be available some time in March 1987. Six counties will be placed in the hold harmless category. Since this information is estimated only, distribution of it was discouraged.

Chuck reported on the special one-time eligibility study completed in Wright County. The results were optimistic, and the project continues. The training script is near completion, and a target date of April 1, 1987, has been set for offering this training to the counties. Marian Eisner and Jim Beatty have been working on this project.

Retroactive claims were briefly discussed. Additional supportive documentation has been sent to HHS in Chicago to back up the retroactive claims. The Department of Human Services is waiting for a reply. The possibility of litigation has not been dismissed.

Chuck commented on the federal fiscal year 1986 Title IV-E audit. The feds are asking for $489,000 in repayments. Difficulty of care, state wards, eligibility determination and the use of unlicensed facilities were problem areas. Eighteen counties were cited. However, the pay back may be spread over 87 counties.

Brief mention was made of the Title IV-E cash flow problem. There is about $1.6 million in county administrative reimbursement that is stalled at this time. Efforts are being made to rectify the problem.

The next meeting will be held on March 27, 1987, starting at 9:30 a.m. The location has not yet been determined.

The meeting was adjourned at 12:21 p.m.

CMS.JB

Exhibit #11



MINUTES

TITLE IV-E ADVISORY COMMITTEE
March 27, 1987

The meeting was called to order at 9:30 a.m. by Chairperson Chuck Fecht. Those in attendance were: Jan Devens, John Sellen, Richard Hardes, Dan Lipschultz, Robert Barrett, Gene Everly, John Haines, Gary Koehler, Tom Henderson, Allen Meyer, Chuck Fecht, Jim Frenczyk, Linda Grohoski, and Jim Beatty.

The minutes of the January 30 meeting were approved.

The random moment study was the first item discussed. Allen Meyer said that the number of "hits" in the category marked other is increasing, and this is negatively affecting our reimbursement. The group gave some possible reasons on why this is occurring. First, the codes are not clear, and many seem to overlap. Second, workers may be getting a little lax in reporting their activities. Third, additional training on the random moment study would be helpful. Fourth, the arrangement of the categories on the answer sheet is a problem as "other" is the last category listed, so many people find it easy to mark that one. Finally, observations are called for at poor times, i.e., lunch, coffee breaks, etc.

Instructional Bulletin #87-32D and Request Bulletin #87-66A were handed out and discussed. John Sellen said that Instructional Bulletin #87-64D explains what information should go into the cost pool. The feedback from fiscal officers so far has been positive. Chuck then went over Request Bulletin #87-66A. The bulletin tells agencies how to report child cost figures, and informs them of the dates when the quarterly figures for the balance of '87 will be due to DHS.

Dick Hardes and Dan Lipschultz then discussed the revised draft of the IV-E rule. The penalty provision will remain in the draft. Penalty money will be distributed to all local agencies. John Sellen said that this penalty money could either be distributed to all counties, or only to counties not penalized. He asked the group for input on this matter. The group discussed this issue at length. On a split decision, the group felt that penalized counties should not be included in the distribution of any penalty money.

Next, it was explained that the provision allowing the state to retain a portion of the IV-E money has been removed from the Rule. Also, it was then pointed out that any disallowances resulting from federal audits would be shared by all agencies.

Dan Lipschultz ended the report by discussing the time schedule for completion of the rule. If it remains a noncontroversial rule, it should be completed by August 1987. However, if it becomes a controversial rule, the time span for completion will be increased.

Jim Frenczyk reported on the group facilities project. To date, there are 80 facilities taking part in this project. Initial training for the facilities was held in mid-March. Attendance was good. The time study and the cost report were the main items dealt with. Training for county fiscal officers is schedule for May 1987. The topic to be dealt with will be the new procedures for calculating Title IV-E reimbursement. We plan to implement the new procedures by July 1, 1987, and as a result hope to generate an additional $1 million per year in federal reimbursement. These new procedures may also allow us to drop the difficulty of care rates for children in foster care. Finally, a bulletin will be coming out to counties suggesting changes in contract language that will help in claiming additional IV-E money and improve their ability to withstand a Federal audit.

Chuck then briefly discussed our retroactive claim. We have responded to Region V's inquiries and are hopeful for a favorable decision. In addition, it was mentioned that our 1986 IV-E claim money should be here by April. Also, we have grant award letters for our back claims of Title XIX money. However, receipt of this money is dependent on our retroactive claim being approved.

The question of negative IV eligibility reimbursement was discussed. The feds were saying that they would only pay administrative costs for children found eligible for IV-E. Administrative costs for those found ineligible were being denied. Missouri took this matter to the Grant Appeals Board, and they ruled in Missouri's favor. Also, the appeals board ruled that efforts made to prevent a placement could also be IV-E claimable. We will be watching to see how the feds respond to the Appeals Board ruling.

A schedule of the estimated IV-E reimbursement to counties was distributed. It was stated that these figures should be very close to the final figures. It appears that six counties will receive less IV-E money under this proposal. It is hoped that the IV-E money can be distributed before the end of the calendar year 1987.

The last item dealt with was the 1984 IV-E audit. State wards and documentation for difficulty of care were the major problems. Many of the problems were for preventable reasons such as forms not being signed and claims being made on children who were clearly not eligible. We could loose approximately $500,000 as a result of this audit.

In closing, Chuck thanked the group for their help and their advice. The meeting was then adjourned. No future meetings were scheduled.

SRF/JB

TABLE 3 - ESTIMATED COUNTY SHARES OF FEDERAL ADMINISTRATIVE REIMBURSEMENT FOR IV-E AND XIX.

Exhibit #12

(1) COUNTY	(2) SOCIAL SERVICE EXPEND	(3) AVERAGE NO. IV-E CHILDREN PER MONTH	(4) AVG. NO. CHILDREN IN SUB CARE/MO.	(5) PERCENT STABILIZED CTY SHARE BASED ON col 2*3/4	(6) APPROX FFY 1985 EARNINGS	(7) TRIAL ALLOC OF 4,200,763 (ADMIN)	(8) TRIAL ALLOC OF 385,026 (TRAINING)	(9) TRIAL TOTAL col 7+8	(10) AVERAGE NO PAID MA CASES PER MONTH-1986	(11) PERCENT STABILIZED CTY SHARE BASED ON SQR(c 2*10)	(12) TRIAL ALLOC OF 2,897,515 (HEALTH REL	(13) TRIAL GRAND TOTAL col 9+12
Aitkin	364,849	15.58	20.25	0.67%	14,899	28,263	2,591	30,854	683	0.41%	11,898	42,752
Anoka	3,094,383	49.42	271.33	1.73%	129,703	72,839	6,676	79,515	3894	2.86%	82,734	162,249
Becker	529,320	23.92	56.00	0.65%	16,002	27,246	2,497	29,744	1400	0.71%	20,517	50,261
Beltrami	882,751	65.17	124.00	1.35%	24,479	56,750	5,201	61,951	1795	1.04%	30,002	91,953
Benton	470,574	10.75	29.25	0.49%	0	20,766	1,903	22,669	855	0.52%	15,118	37,787
Big Stone	207,479	1.75	4.42	0.20%	2,746	8,545	783	9,328	312	0.21%	6,064	15,392
Blue Earth	1,180,881	30.42	72.50	1.44%	17,966	60,396	5,536	65,931	1492	1.09%	31,636	97,568
Brown	392,210	10.33	22.00	0.49%	3,564	20,583	1,887	22,469	721	0.44%	12,674	35,144
Carlton	890,277	14.00	51.92	0.73%	17,768	30,815	2,824	33,639	1260	0.87%	25,243	58,882
Carver	1,363,609	7.33	42.17	0.81%	16,741	33,979	3,114	37,093	650	0.77%	22,439	59,532
Cass	834,725	23.75	55.33	1.03%	40,203	43,136	3,954	47,090	1282	0.85%	24,656	71,746
Chippewa	271,747	7.08	13.58	0.35%	2,002	14,614	1,339	15,954	491	0.30%	8,706	24,660
Chisago	311,361	9.17	22.50	0.35%	0	14,675	1,345	16,020	721	0.39%	11,293	27,313
Clay	698,075	21.08	51.58	0.82%	19,437	34,448	3,157	37,605	1508	0.84%	24,454	62,060
Clearwater	304,360	3.25	8.67	0.30%	697	12,774	1,171	13,945	638	0.36%	10,503	24,448
Cook	244,917	0.25	1.42	0.21%	0	8,667	794	9,462	130	0.15%	4,253	13,715
Cottonwood	409,031	3.50	20.42	0.26%	3,341	10,961	1,005	11,965	445	0.35%	10,169	22,134
Crow Wing	709,009	13.75	34.92	0.79%	56,495	33,329	3,055	36,384	1929	0.96%	27,874	64,258
Dakota	4,352,066	28.25	159.42	2.41%	62,171	101,351	9,289	110,641	3104	3.02%	87,601	198,242
Dodge	151,911	0.00	10.42	0.07%	0	2,771	254	3,025	402	0.20%	5,890	8,915
Douglas	569,857	2.75	26.42	0.27%	19,665	11,270	1,033	12,303	1012	0.62%	18,100	30,403
Fillmore	189,192	9.25	19.50	0.24%	0	9,891	907	10,798	867	0.33%	9,653	20,451
Freeborn	767,144	23.33	66.67	0.79%	58,251	33,256	3,048	36,304	1111	0.76%	22,004	58,308
Goodhue	339,469	5.75	37.33	0.19%	90	7,887	723	8,609	1119	0.51%	14,690	23,299
Grant	138,242	5.00	6.58	0.20%	0	8,376	768	9,144	248	0.15%	4,413	13,557
Hennepin	40,124,532	389.83	1565.00	30.13%	723,734	1,265,578	115,998	1,381,576	30795	28.91%	837,809	2,219,386
Houston	225,418	7.42	14.00	0.29%	0	12,308	1,128	13,436	548	0.29%	8,377	21,813
Hubbard	282,217	10.92	23.50	0.35%	11,738	14,769	1,354	16,123	739	0.38%	10,885	27,007
Isanti	449,846	31.17	59.00	0.67%	51,113	28,127	2,578	30,705	761	0.48%	13,945	44,650
Itasca	1,140,313	18.42	64.92	0.98%	0	41,123	3,769	44,892	2348	1.35%	39,000	83,892
Jackson	211,953	1.58	13.25	0.12%	1,070	5,220	478	5,699	399	0.24%	6,931	12,630
Kanabec	261,440	8.33	15.92	0.34%	8,120	14,389	1,319	15,708	452	0.28%	8,193	23,901
Kandiyohi	749,767	43.50	73.83	1.25%	31,767	52,536	4,815	57,351	1448	0.86%	24,834	82,185
Kittson	143,908	2.33	2.33	0.19%	0	7,789	714	8,503	308	0.17%	5,018	13,520
Koochiching	468,517	15.50	32.58	0.61%	27,341	25,666	2,352	28,019	774	0.50%	14,353	42,371
Lac Qui Par	214,010	3.00	6.33	0.23%	0	9,851	903	10,754	328	0.22%	6,315	17,069
Lake	286,529	0.67	8.58	0.17%	4,017	7,042	645	7,687	366	0.27%	7,718	15,406
Lk of Woods	111,069	3.33	4.17	0.15%	0	6,225	571	6,796	152	0.11%	3,097	9,892
LeSueur	416,896	15.75	35.75	0.51%	6,260	21,546	1,975	23,521	723	0.45%	13,085	36,606
Reg. VIII N	971,501	13.08	19.33	1.60%	2,185	67,138	6,154	73,291	1474	0.98%	28,521	101,813
McLeod	556,187	8.67	38.42	0.40%	6,848	16,870	1,546	18,416	722	0.52%	15,104	33,520
Mahnomen	222,233	6.00	8.58	0.32%	0	13,529	1,240	14,768	335	0.22%	6,503	21,272
Marshall	218,477	2.00	8.83	0.17%	0	7,254	665	7,919	405	0.24%	7,090	15,009
FMW	1,069,278	20.33	53.75	1.18%	8,626	49,381	4,526	53,908	1629	1.09%	31,456	85,364
Meeker	182,889	3.92	22.08	0.12%	6,711	4,947	453	5,400	656	0.28%	8,256	13,656

TABLE 3 - ESTIMATED COUNTY SHARES OF FEDERAL ADMINISTRATIVE REIMBURSEMENT FOR IV-E AND XIX.

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Mille Lacs	440,481	12.75	39.67	0.42%	0	17,604	1,614	19,218	861	0.51%	14,678	33,896
Morrison	616,165	14.67	23.83	0.97%	8,475	40,565	3,718	44,283	1253	0.72%	20,942	65,225
Mower	573,392	24.00	83.83	0.50%	2,985	20,825	1,909	22,733	1412	0.74%	21,446	44,179
Nicollet	297,257	11.08	20.67	0.41%	820	17,198	1,576	18,774	553	0.33%	9,663	28,437
Nobles	421,099	14.75	29.42	0.57%	0	23,909	2,191	26,100	677	0.44%	12,726	38,826
Norman	197,849	4.00	6.50	0.25%	0	10,532	965	11,497	379	0.23%	6,527	18,024
Olmsted	1,873,497	25.83	137.33	1.10%	10,430	46,283	4,242	50,525	2053	1.61%	46,743	97,269
Otter Tail	935,059	9.67	75.92	0.41%	1,544	17,359	1,591	18,950	1952	1.11%	32,200	51,150
Pennington	257,023	6.17	7.92	0.39%	4,249	16,531	1,515	18,046	568	0.31%	9,107	27,153
Pine	780,927	12.33	52.25	0.58%	13,070	24,241	2,222	26,462	986	0.72%	20,914	47,377
Pipestone	165,636	6.00	14.75	0.18%	5,263	7,571	694	8,265	363	0.20%	5,844	14,109
Polk	423,438	21.50	50.50	0.52%	0	21,639	1,983	23,622	1599	0.68%	19,612	43,234
Pope	158,514	4.92	7.67	0.21%	0	8,921	818	9,739	422	0.21%	6,164	15,903
Ramsey	14,785,884	142.75	726.58	8.81%	210,699	369,097	33,903	403,800	16893	13.00%	376,684	780,485
Red Lake	128,061	1.17	2.67	0.13%	0	5,257	482	5,739	210	0.13%	3,909	9,647
Redwood	471,699	9.33	24.67	0.50%	3,037	21,129	1,937	23,066	547	0.42%	12,107	35,173
Renville	187,732	12.08	18.50	0.30%	0	12,520	1,148	13,667	615	0.28%	8,099	21,766
Rice	1,042,450	14.33	65.25	0.72%	0	30,273	2,775	33,047	1118	0.89%	25,731	58,778
Rock	308,442	4.50	6.50	0.42%	0	17,601	1,613	19,214	222	0.22%	6,237	25,451
Roseau	217,827	0.25	3.00	0.16%	10,361	6,770	620	7,390	414	0.25%	7,157	14,548
St. Louis	15,182,885	144.33	422.83	15.55%	155,280	653,406	59,889	713,295	10062	10.17%	294,591	1,007,886
Scott	1,285,716	12.67	52.17	0.97%	2,316	40,835	3,743	44,578	799	0.83%	24,157	68,735
Sherburne	854,185	10.00	40.25	0.66%	16,780	27,830	2,551	30,381	736	0.63%	18,898	49,279
Sibley	489,297	1.08	7.08	0.35%	0	14,591	1,337	15,928	420	0.37%	10,805	26,733
Stearns	1,734,692	17.42	58.08	1.56%	15,539	65,614	6,014	71,628	2678	1.77%	51,371	122,999
Steele	406,868	14.58	22.08	0.67%	9,074	28,113	2,577	30,690	643	0.42%	12,191	42,881
Stevens	189,771	0.00	3.75	0.12%	0	5,140	471	5,611	307	0.20%	5,753	11,364
Swift	306,583	2.83	10.42	0.26%	10,198	10,973	1,006	11,979	528	0.33%	9,589	21,568
Todd	564,996	10.17	16.25	0.85%	0	35,692	3,271	38,963	1104	0.65%	18,824	57,787
Traverse	118,147	0.83	4.42	0.09%	3,703	3,916	359	4,275	228	0.14%	3,912	8,186
Wabasha	249,878	13.08	32.00	0.29%	0	12,060	1,105	13,166	616	0.32%	9,351	22,517
Wadena	382,617	6.50	16.00	0.42%	10,492	17,578	1,611	19,190	766	0.45%	12,903	32,093
Waseca	269,873	12.42	23.83	0.37%	0	15,497	1,420	16,917	622	0.34%	9,765	26,683
Washington	1,749,739	33.50	120.67	1.47%	11,748	61,724	5,657	67,381	1907	1.50%	43,537	110,918
Wilkin	139,565	1.50	8.75	0.10%	0	4,184	383	4,568	315	0.17%	4,997	9,565
Winona	616,434	17.42	35.50	0.83%	2,552	34,889	3,198	38,087	1341	0.75%	21,670	59,757
Wright	1,158,822	15.17	52.42	1.01%	0	42,526	3,898	46,424	1404	1.05%	30,401	76,825
Yellow Med	329,349	1.25	6.33	0.25%	0	10,697	980	11,678	456	0.32%	9,237	20,914
TOTAL	118,286,268	1657.41	5629.00	100.00%	1,904,365	4,200,763	385,026	4,585,789	131,460	100.00%	2,897,515	7,483,304

Col. 2,3,4, FFY '86 Exihibit 1 Data (Eight Counties Have Not Reported 4th Quarter).
Col. 6, Verification Not Completed.
Col. 7,8, Claimed in FFY '86.
Col. 10, Assistant Payments, Reports and Statistics Data.

Prepared by C. J. Fecht 6/17/87

STATE OF MINNESOTA

DEPARTMENT OF HUMAN SERVICES

IN THE MATTER OF THE PROPOSED ADOPTION OF RULES OF THE STATE DEPARTMENT OF HUMAN SERVICES RELATING TO TITLE IV-E FUNDING ALLOCATION, PARTS 9550.0300 TO 9550.0370

AFFIDAVIT OF MAILING

Nancy Storelee, being first duly sworn, deposes and says:

That on the 22nd day of July, 1987, at the City of St. Paul, County of Ramsey, State of Minnesota, I mailed the attached Notice of Intent to Adopt a Rule Without a Public Hearing by depositing in the State of Minnesota Central Mail System for first class mailing, a copy thereof, properly enveloped, with postage prepaid, to all persons and associations who have requested that their names be placed on file with the Department of Human Services for the purpose of receiving notice of hearing by this Department.

Nancy Storelee

Subscribed and sworn to before me

this 27 day of July, 1987

Louise J. Breidel

LOUISE J. BREIDEL
NOTARY PUBLIC—MINNESOTA
DAKOTA COUNTY
MY COMM. EXP. SEPT. 22, 1990

STATE OF MINNESOTA

DEPARTMENT OF HUMAN SERVICES

IN THE MATTER OF THE PROPOSED ADOPTION OF RULES OF THE STATE DEPARTMENT OF HUMAN SERVICES RELATING TO TITLE IV-E FUNDING ALLOCATION, MINNESOTA RULES, PARTS, 9550.0300 TO 9550.0370

CERTIFICATE

I hereby certify that the list of persons, associations and other interested groups who have requested, pursuant to Minnesota Statutes, section 14.14, subdivision 1a, and 14.22 or 14.30, that their names be placed on the State Department of Human Services rulemaking mailing list is accurate, complete, and current as of this 22nd day of July, 1987.

Nancy Stoelee

Proposed Rules

Pursuant to Minn. Stat. of 1982, §§ 14.22, an agency may propose to adopt, amend, suspend or repeal rules without first holding a public hearing, as long as the agency determines that the rules will be noncontroversial in nature. The agency must first publish a notice of intent to adopt rules without a public hearing, together with the proposed rules, in the *State Register*. The notice must advise the public:

1. that they have 30 days in which to submit comment on the proposed rules;
2. that no public hearing will be held unless 25 or more persons make a written request for a hearing within the 30-day comment period;
3. of the manner in which persons shall request a hearing on the proposed rules; and
4. that the rule may be modified if the modifications are supported by the data and views submitted.

If, during the 30-day comment period, 25 or more persons submit to the agency a written request for a hearing of the proposed rules, the agency must proceed under the provisions of §§ 14.14-14.20, which state that if an agency decides to hold a public hearing, it must publish a notice of intent in the *State Register*.

Pursuant to Minn. Stat. §§ 14.29 and 14.30, agencies may propose emergency rules under certain circumstances. Proposed emergency rules are published in the *State Register* and, for at least 25 days thereafter, interested persons may submit data and views in writing to the proposing agency.

Department of Human Services

Proposed Permanent Rules Relating to Title IV-E Funding Allocation

Notice of Intent to Adopt a Rule Without a Hearing

Notice is hereby given that the State Department of Human Services intends to adopt the above-entitled rules without a public hearing following the procedures set forth in the Administrative Procedure Act for adopting rules without a public hearing in *Minnesota Statutes*, sections 14.22 to 14.28. The statutory authority to adopt these rules is *Minnesota Statutes*, sections 393.7, subdivision 1, 256.011, subdivision 1 and 256.01, subdivision 2(2).

All persons have 30 days or until 4:30 p.m. on August 26, 1987 in which to submit comment in support of or in opposition to the proposed rules or any part or subpart of the rules. Comment is encouraged. Each comment should identify the portion of the proposed rules addressed, the reason for the comment, and any change proposed.

Any person may make a written request for a public hearing on the rules within the 30-day comment period. If 25 or more persons submit a written request for a public hearing within the 30-day comment period, a public hearing will be held unless a sufficient number withdraw their request in writing. Any person requesting a public hearing should state his or her name and address, and is encouraged to identify the portion of the proposed rules addressed, the reason for the request, and any change proposed. If a public hearing is required, the agency will proceed pursuant to *Minnesota Statutes*, sections 14.131 to 14.20.

Comments or written requests for a public hearing must be submitted to: Richard Hardes, Minnesota Department of Human Services, 4th floor Centennial Office Building, 658 Cedar Street, St. Paul, Minnesota 55155; telephone (612) 296-2829.

The proposed rules may be modified if the modifications are supported by data and views submitted to the agency and do not result in a substantial change in the proposed rules as noticed.

The purpose of these rules is to establish the methods to be used in allocating to counties the federal funds received by the Minnesota Department of Human Services for administrative and training costs incurred in providing social services under Titles IV-E and XIX of the Social Security Act. These rules will affect all counties in the State of Minnesota.

The rules contain definitions of terms; two formulae allocating Title IV-E and Title XIX funds; fiscal reporting requirements; a penalty provision for noncompliance with the fiscal reporting requirements; a formula for allocating federal disallowances pertaining to the funds allocated under these rules; a provision preventing any county from experiencing a decrease in administrative and training funds under Title IV-E in 1986; and a provision establishing parameters within which counties may claim funds under these rules for previous quarters.

A free copy of the rules is available upon request from Richard Hardes, Minnesota Department of Human Services, 4th floor Centennial Office Building, 658 Cedar Street, St. Paul, Minnesota 55155; telephone (612) 296-2829. A copy of the rule may also be viewed at any of the 87 county welfare or human services agencies in the State of Minnesota.

A Statement of Need and Reasonableness that describes the need for and reasonableness of each provision of the proposed rule

KEY: PROPOSED RULES SECTION — Underlining indicates additions to existing rule language. ~~Strike outs~~ indicate deletions from existing rule language. If a proposed rule is totally new, it is designated "all new material." ADOPTED RULES SECTION — Underlining indicates additions to proposed rule language. ~~Strike outs~~ indicate deletions from proposed rule language.

and identifies the data and information relied upon to support the proposed rule has been prepared and is available from Richard Hardes, Minnesota Department of Human Services, 4th floor Centennial Office Building, 658 Cedar Street, St. Paul, Minnesota 55155; telephone (612) 296-2829 upon request.

Adoption of these rules will not result in additional spending by local public bodies in excess of $100,000 per year for the first two years following adoption under the requirements of *Minnesota Statutes*, section 14.11. A fiscal note prepared according to the requirements of *Minnesota Statutes*, section 3.98, subdivision 2, estimating the fiscal impact of the rule is available from Richard Hardes, Minnesota Department of Human Services, 4th floor Centennial Office Building, 658 Cedar Street, St. Paul, Minnesota 55155; telephone (612) 296-2829.

If no hearing is required, upon adoption of the rule, the rule and the required supporting documents will be submitted to the Attorney General for review as to legality and form to the extent the form relates to legality. Any person may request notification of the date of submission to the Attorney General. Persons who wish to be advised of the submission of this material to the Attorney General, or who wish to receive a copy of the adopted rule, must submit the written request to Richard Hardes.

Dated 9 July 1987

Sandra S. Gardebring
Commissioner

Rules as Proposed (all new material)

9550.0300 PURPOSE.

The purpose of parts 9550.0300 to 9550.0370 is to establish the methods to be used in distributing to local agencies the dollars received by the Department of Human Services from the federal government for administrative and training costs incurred in providing social services under Title IV-E and Title XIX.

9550.0310 DEFINITIONS.

Subpart 1. **Scope.** For the purpose of parts 9550.0300 to 9550.0370, the following terms have the meanings given them.

Subp. 2. **Commissioner.** "Commissioner" means the commissioner of the Minnesota Department of Human Services or the commissioner's designated representative.

Subp. 3. **County board.** "County board" means the county board of commissioners in each county. When a human services board or welfare board has been established under Minnesota Statutes, sections 402.02 to 402.10, it shall be considered to be the county board for the purposes of parts 9550.0300 to 9550.0370.

Subp. 4. **Department.** "Department" means the Minnesota Department of Human Services.

Subp. 5. **Local agency.** "Local agency" means the social services agency authorized by the county board to provide community social services.

Subp. 6. **Social service cost pool.** "Social service cost pool" means all direct and indirect costs incurred by local agencies in providing community social services as defined in part 9550.0010, subpart 4, except costs that are not allocated through the use of the social service time study.

Subp. 7. **Social service time study.** "Social service time study" means the study conducted by the department that measures the portion of local agency staff time spent on various social service activities for the purpose of determining the percentage of administrative costs attributable to social service expenditures that are federally reimburseable.

Subp. 8. **Substitute care.** "Substitute care" means placement in a group home, family foster home, or other publicly supported out-of-home residential facility, including any out-of-home residential facility under contract with the state, county, other political subdivision, or any of their agencies, to provide those services.

Subp. 9. **Title IV-E.** "Title IV-E" means the federal program that reimburses administrative and training costs incurred in providing services under Public Law Number 96-272 as amended through June 17, 1980.

Subp. 10. **Title IV-E money.** "Title IV-E money" means the federal dollars claimed and received by the department as reimbursement for administrative and training costs incurred by the local agencies under Title IV-E.

Subp. 11. **Title XIX.** "Title XIX" means the federal program that reimburses the costs incurred in providing health care to eligible persons under United States Code, title 42, sections 1396 to 1396p.

Subp. 12. **Title XIX money.** "Title XIX money" means the federal dollars claimed and received by the department under Title XIX as reimbursement for administrative costs incurred by the local agencies in providing social services to medical assistance program recipients.

9550.0320 TITLE IV-E REIMBURSEMENT.

The following equation shall be used to calculate the local agency's share of the Title IV-E money received by the department each quarter of the federal fiscal year:

where $$A_i = B \frac{C_i \left(\frac{D_i + F}{E_i + 10}\right)}{\sum_{i=1}^{87} C_i \left(\frac{D_i + F}{E_i + 10}\right)}$$

A_i = the ith local agency's share of Title IV-E money received by the department

B = the total amount of Titie IV-E money received by the department to be distributed for the quarter

C_i = the social service cost pool reported by the ith local agency during the quarter

D_i = the average monthly number of IV-E eligible children on the ith local agency's caseload for the quarter

E_i = the average monthly number of children in substitute care on the ith local agency's caseload for the quarter

F = a stabilizing factor, equal to the statewide ratio of children eligible under Title IV-E to all children in substitute care, multiplied by ten

9550.0330 TITLE XIX REIMBURSEMENT.

The following equation shall be used to calculate the local agency's share of the Title XIX money received by the department:

where $$A_i = B \frac{\sqrt{C_i * D_i}}{\sum_{i=1}^{87} \sqrt{C_i * D_i}}$$

A_i = the ith local agency's share of the Title XIX money to be distributed by the department

B = the total amount of Title XIX money received for distribution by the department

C_i = the social service cost pool reported by the ith local agency for the quarter

D_i = the average monthly number of persons receiving medical assistance in the ith local agency during the quarter for whom the local agency is financially responsible

9550.0340 REPORTING REQUIREMENTS.

Subpart 1. **Information required.** To receive reimbursement under parts 9550.0300 to 9550.0370, the local agency must:

A. provide the information required by the department to conduct the social service time studies on which the state's federal reimbursement claims for administrative costs under Title IV-E and Title XIX are based; and

B. submit quarterly reports to the department no later than 20 calendar days after the end of the quarter on forms specified by the commissioner. The quarterly reports must provide the information needed to make the calculations specified in parts 9550.0320 and 9550.0330, including:

(1) the local agency's social service cost pool for the quarter;

(2) the average monthly number of children in the county who are eligible under Title IV-E during the quarter; and

(3) the average monthly number of children in substitute care in the county during the quarter.

Subp. 2. **Penalty.** A local agency shall not receive its Title IV-E or Title XIX reimbursement until the agency has provided the information required under subpart 1. If the local agency does not meet the reporting requirements of subpart 1, the commissioner

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shall send a written notice of noncompliance to the local agency. If a local agency does not comply with subpart 1 within 30 days of the date written notice was sent, the commissioner shall certify a reduction in the local agency's reimbursement by 20 percent for the quarter of noncompliance. When a local agency is notified of this action, it may make an appeal under Minnesota Statutes, section 256E.06, subdivision 10. Money received or retained by the department as a result of the penalty must be distributed to all local agencies that were not penalized. The percentage of penalty money received by each local agency must be equal to the percentage of Title IV-E money received by the local agency for the quarter.

9550.0350 DISALLOWANCES.

Any disallowances due to audits of federal claims for administrative reimbursement must be shared by all local agencies. A local agency's percentage share of a disallowance must be equal to the percentage of the federal administrative reimbursement received by the local agency for the quarter and program to which the disallowance applies. The commissioner shall notify each county of the action to be taken and the reasons for the action.

9550.0360 HOLD HARMLESS CLAUSE.

Subpart 1. **Effect.** For the federal fiscal year 1986, each county shall receive as reimbursement under part 9550.0320 no less than the amount of Title IV-E reimbursement received by the county as of April 1, 1987, for federal fiscal year 1985. The funds needed to satisfy the requirements of this part must be obtained by deducting an equal percentage from the federal fiscal year 1986 Title IV-E allocation to each local agency that did not submit a Title IV-E claim in federal fiscal year 1985.

Subp. 2. **Applicability.** This part applies only to allocations for federal fiscal year 1986.

9550.0370 PRIOR PERIOD ADJUSTMENT.

Subpart 1. **Prior adjustments permitted.** A local agency may provide the department with amended reports to correct inaccuracies in data provided for previous quarters. Additional federal revenue obtained as a result of corrections in data for previous quarters must be distributed to all local agencies in accordance with the formulas in parts 9550.0320 and 9550.0330. Any money owed to the federal government because of amended local agency reports under this part must be billed to all local agencies in accordance with the formulas in parts 9550.0320 and 9550.0330.

Subp. 2. **Limitation on prior adjustments.** An amended report must be received by the department no later than 12 months after the reporting deadline for the quarter being amended.

Pollution Control Agency

Proposed Permanent Rules Relating to Air Quality Permit Fees

Notice of Hearing

Notice is hereby given that the Minnesota Pollution Control Agency (Agency) will hold a public hearing in the above-entitled matter in the Board Room of the Agency, Lower Level, 520 Lafayette Avenue North, St. Paul, Minnesota, commencing at 9:30 a.m. on Tuesday, September 1, 1987. Additional days of hearing will be scheduled if necessary. All interested or affected persons will have an opportunity to participate by submitting either oral or written data, statements, or arguments. Statements or briefs may be submitted without appearing at the hearing.

The matter will be heard before Administrative Law Judge Bruce Campbell, Office of Administrative Hearings, 400 Summit Bank Building, 310 Fourth Avenue South, Minneapolis, Minnesota 55415 (612) 341-7602. The rule hearing procedure is governed by *Minnesota Statutes* §§ 14.131 to 14.20 (1986) and by the rules of the Office of Administrative Hearings, *Minnesota Rules* Parts 1400.0200 to 1400.1200 (1985). Questions concerning the rule hearing procedure should be directed to the Administrative Law Judge at the address and telephone number stated above.

The subject of the hearing will be proposed amendments to rules governing air quality permit fees, *Minnesota Rules* Parts 7002.0010 to 7002.0110. The proposed rule amendments are authorized by *Minnesota Statutes* § 116.07, subd. 4d (1986). The proposed rule amendments are published below. One free copy of the rule amendments is available on request by contacting:

Ahto Niemioja
Minnesota Pollution Control Agency
20 Lafayette Road North
St. Paul, Minnesota 55155
(612) 296-7485

Notice is hereby given that a Statement of Need and Reasonableness is now available for review at the Agency offices and at the Office of Administrative Hearings. The Statement of Need and Reasonableness includes a summary of all the evidence and argument which the Agency anticipates presenting at the hearing justifying both the need for and reasonableness of the proposed rule amend-

STATE OF MINNESOTA
DEPARTMENT OF HUMAN SERVICES

In the Matter of the Proposed Adoption of Rules of the State Department of Human Services Relating to Title IV-E Funding Allocation, Minnesota Rules, parts 9550.0300 to 9550.0370.

FINDINGS OF FACT, CONCLUSIONS, AND ORDER ADOPTING RULE WITHOUT PUBLIC HEARING

Notice of the Commissioner's intent to adopt the above-entitled rules was published in the State Register on July 27, 1987 and was sent by United States mail to all persons on the list maintained by the agency pursuant to Minnesota Statutes, sections 14.14, subdivision 1a and 14.22, on July 22, 1987. The statement of need and reasonableness was prepared before the notice of intent to adopt rules without a public hearing was mailed to all persons on the rulemaking mailing list and published in the State Register and was available to the public.

All persons were given the opportunity to submit comments on the rules for 30 days after notice of proposed rulemaking. The agency received no requests for a public hearing. Therefore the agency did not receive requests for a public hearing from 25 or more persons which were not withdrawn.

Based on the comments and evidence in the record before the agency, I find the following:

1. The Commissioner has statutory authority to adopt these rules.

2. Proper notice of the Department's intent to adopt these rules was given as required by law, and all interested persons were afforded an opportunity to submit data and views on the proposed rules.

3. These rules are consistent with all applicable provisions of law and the Department has complied with all applicable provisions of law in the promulgation of these rules.

4. These rules are necessary and reasonable.

NOW, THEREFORE, IT IS ORDERED that the rules identified as rules relating to Title IV-E funding allocation, Minnesota Rules, parts 9550.0300 to 9550.0370 are adopted this 18th day of September, 1987, pursuant to authority vested in me by Minnesota Statutes, sections 256.011, subdivision 1, 256.01, subdivision 2(2) and 393.07, subdivision 1.

Julie Brunner

for SANDRA S. GARDEBRING

Commissioner

In the Matter of the Adoption
of Rules of the State Department of
Human Services Relating to Title IV-E
Funding Allocation, Minnesota Rules,
parts 9550.0300 to 9550.0370.

DECLARATION OF
COUNSEL

I, Julie Harris, Special Assistant Attorney General, do hereby declare that I have examined the above-captioned rule, and the supporting rulemaking record, and that, based on my examination, the Administrative Procedure Act and Minnesota Rules, chapter 2010 have been followed. Any exceptions are listed below. For Attorney General billing purposes, the four-digit docket client code is T431.

Julie K. Harris

Special Assistant

Attorney General

Dated:

STATE OF MINNESOTA
DEPARTMENT OF HUMAN SERVICES
CENTENNIAL OFFICE BUILDING
ST. PAUL, MINNESOTA 55155

RECEIVED
ATTORNEY GENERAL'S OFFICE
SEP 21 1987
204 ADMINISTRATION BLDG.
50 SHERBURNE AVENUE
ST. PAUL, MN 55155

TO: Rita Desmond
Legal Assistant
Attorney General's Office, Administrative Division

FROM: Dan Lipschultz
Department of Human Services, Rules Division

SUBJECT: Review of a Rule Adopted Without a Public Hearing; Permanent Rules Relating to Title IV-E Funding Allocation, Minnesota Rules, parts 9550.0300 to 9550.0370.

Enclosed are the documents required to be submitted under Minnesota Rules, part 2010.0300 for your review of a rule adopted without a public hearing for the above entitled matter.

Official documents in this submitted material include:

1. A copy or photocopy of the notice of solicitation of outside information or opinions as published in the State Register.

2. A copy of the proposed rule with a certificate of approval as to form by the revisor of statutes attached.

3. The notice of intent to adopt a rule without a public hearing as mailed.

4. The statement of need and reasonableness in support of the proposed rule complying with part 2010.0700.

5. The affidavit of mailing the notice of intent to adopt a rule without a public hearing. The affidavits state that the mailing list maintained by the agency pursuant to Minnesota Statutes, sections 14.22 and 14.14, subdivision 1a is accurate, complete, and current and that the notice of intent to adopt the rule without a public hearing was mailed to all persons and groups whose names appear on the list.

6. A copy or photocopy of the notice of intent to adopt the rule without a public hearing as published in the State Register.

7. Four copies of the rule as adopted. Any modification made to the proposed rule is reflected in the rule as adopted and is approved as to form by the revisor of statutes.

8. The findings of fact, conclusions, and order adopting the rule.

9. All written requests, submissions, or comments on the rule received by the agency except requests solely for copies of the rule or of the statement of need and reasonableness.

10. The declaration of the attorney in the attorney general's office who represents the agency.

11. The notice of submission of the rule to the attorney general, if applicable.

12. The affidavit of mailing notice of submission of the rule to the attorney general, if applicable.

If you have any questions on this submitted material, please call me at 297-4302.

Authority

393.07 (1) ~~Does not exist~~ ok

OK - 256.011 (1)

256.01 subd 2(2)