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

Transmittal No: 97 LCM-48

Date: August 5, 1997

Division: MSQI

TO: Local District Commissioners

SUBJECT: Settlement Agreement with the Federal Government on the
Services Random Moment Study Cost Allocation Plan

ATTACHMENTS: Percentages for New York City
Percentages for Upstate Districts
Attachments available on-line

The purpose of this memorandum is to notify you that the Federal government has finally approved the Services Random Moment Study (SRMS) cost allocation plan. The SRMS is the distribution basis to allocate general services administrative costs to the programs that benefit from these expenditures.

Background

The State had submitted a cost allocation plan in March 1992, to use a random moment study to distribute the costs of the General Services function (F2) to the programs administered within that function. After several years of negotiations with the Federal Department of Health and Human Services (HHS) and an on-site review of the SRMS procedures by HHS, the final approval of the plan has been granted. Since the time when those negotiations started, Congress has passed the welfare reform legislation that included the TANF block grant; therefore, any claims resulting from the implementation of the Services RMS will be subject to both the TANF limits and the state appropriation constraints.

This cost allocation plan consisted of doing two separate random moment studies, one study of New York City and the other of the eight largest districts outside of New York City. The results of the New York City RMS is used to distribute the F2 costs of the New York City Administration for Children's Services. The results of the other study is used to allocate the General Services costs of the other fifty seven districts.

Overall, the SRMS resulted in more Federal reimbursement for the local districts. A distribution of retroactive Emergency Assistance to Families with Children through December 1994 was made in May 1997.

The percentages calculated for use in the April-June 1997 quarter are attached to give you an idea of what the percentages may be for the next quarter. Adjustments to claims filed for the April-June quarter will be made at the State level to claim Federal reimbursement using these percentages.

You may want to use these percentages when determining the impact of this cost allocation in planning your budgets.

Using the SRMS Percentages

Starting with July claims, the SRMS percentages will be used on the Schedule D-2 Allocation For Claiming General Services Expenditures (DSS-2347-B) for allocation purposes. These percentages will be the basis for both claiming to federal agencies and for reimbursement, as evidenced by the May 1997 payment of retroactive EAF funds. The SSRR percentages will no longer be used for districts outside of New York City. New York City will no longer use the percentages derived from its own random moment study. As a result, SSRR time no longer needs to be reported nor does NYC have to continue its conduct of the NYC Services RMS.

The SRMS percentages will be automatically loaded in the Automated Claiming System. For districts outside of New York City, no separate notification letter will be issued. Because New York City does not have access to the Automated Claiming System, a letter will be sent to New York City each quarter to notify them of the percentages to be used for that quarter's claims.

There are certain lines on the Schedule D-2 that previously were not to be used until further notice. Those lines were added to both Sections I and II of the Schedule D-2 in anticipation of the SRMS approval, and now should be used. They are:

- Line 7. Title IV-E Preventive Services
- Line 8. Title IV-E Protective Services
- Line 11. Independent Living

Any amount claimed on the "Independent Living Line" should be carried to the "Independent Living Program for Foster Care Children RF4" (DSS-3871) claim form. Costs for this program should no longer be captured on the "Schedule D-17 Distribution of Allocated Costs to Other programs" DSS-3274. Revised claiming instructions will be included in the next update to Bulletin 143-b.

Generally, there should be no direct charging of salary costs to a specific program on the Schedule D-2 without prior approval (other than for staff who work only on the Family Type Homes Program).

Date August 5, 1997

Trans. No. 97 LCM-48

Page No. 3

The only non-salary costs that can be direct charged to a specific program(s) on the Schedule D-2 without prior approval are those specified in Bulletin 143-b. Allowable non-salary direct charges would include such costs as reserved accommodations, non-recurring adoption expenses, finder's fees for the recruitment of foster parents, and non-salary costs related to the Family-Type Homes Program.

If you have any questions concerning this memorandum, please contact:

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