



Public Children Services Association of Ohio

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The Honorable Jeff Jacobson
Ohio Senate
Senate Building
Columbus, OH 43215
Attention: Chris Ingram

Dear Senator Jacobson,

Thank you for taking your time to understand the very excellent system of fiscal accountability developed for child welfare funds over the past few years. Your aid, Chris Ingram, shared the following conceptual language with me, as a possible amendment to your fiscal accountability bill, asking for feedback.

Section 9.232 –

Division (A) of this section would not apply if the contract required in section 9.231 is for services provided to individuals when:

The service is reimbursed through a federal program that calculates the reimbursement rate on the previous year's experience and the rate is derived from a breakdown of direct and indirect costs. The program must also have guidelines that describe types of expenditures that are allowable and are not allowable under the program and the guidelines must delineate which costs are acceptable as direct costs for purposes of calculating the reimbursement rate.

PCSAO very much appreciates the exemption. I shared your request with a few local legal and fiscal experts to solicit their input, and have the following comments.

- While most of our children are Title IV-E eligible, a portion (about 25% of them) come from homes with too high an income, and thus, we are not receiving a IV-E reimbursement, but we are using a IV-E eligible provider, using the same contract standards and requiring the same accountabilities.
- The ODJFS IV-E reimbursement rates are based on the previous year's experience, UNLESS it is a new entity, and then an alternate rate setting formula is in place, based on reasonable estimates of a services and inclusive of a breakdown of director and indirect costs. The same accountabilities are required.
- Since a large part of our system of fiscal accountability requires is determined using a uniform cost reporting system, with audits to ensure accurate information is being submitted, such should be referenced. This language could potentially allow the IV-E uniform cost reporting system to serve as a model for accountability in other areas of spending.
- The federal government issued Circular A-87 in order to assist local governments in identifying costs that may be charged to a federal program. The federal government has recently revised Circular A-87 to encourage governmental entities to consider utilizing a "fee for service" contract arrangement, rather than a cost based system. Perhaps an exception for a "fee for service" contract exception could also be added to the proposed language.

Thus, the following changes are suggested to the exception language:

Section 9.232 –

Division (A) of this section would not apply if the contract required in section 9.231 is for services provided to individuals when:

- (a) The service is could be reimbursed through a federal program that calculates the reimbursement rate on the previous year's experience, or alternate method laid out in ODJFS rules, and the rate is derived from a breakdown of direct and indirect costs. The program must also have guidelines that describe types of expenditures that are allowable and are not allowable under the program and the guidelines must delineate which costs are acceptable as direct costs for purposes of calculating the reimbursement rate, as well as determined thru a uniform cost reporting system with clear audit requirements.
- (b) The service could be reimbursed through a federal program that calculates the reimbursement rate on a fee for service contract, compliant with federal Circular A-87.

I hope these comments are helpful. Ohio's 88 Public Child Protection Agencies are dedicated to fiscal accountability as the public entrusts us with two of their greatest treasures – Ohio's children and public funds.

Please let me know if you would like to discuss our comments further.

Sincerely,
Crystal Ward Allen
Executive Director

From the Weekly Update

FISCAL ACCOUNTABILITY BILL – Senator Jeff Jacobson has been responsive to PCSAO's messages regarding the fiscal accountability reform that has already been accomplished in the area of child welfare. He has agreed to exempt IV-E placement contracts from the new and numerous regulations his bill will require when using public money to contract for services. It is also believed he will exempt many of our "fee for service" contracts, if they are based on a market rate survey (I.e. child care subsidy payment) or if they are in compliance with federal circular A-87. Many thanks to Lucas CSB's Marilyn Parker and Dave Sigler, Wayne CSB's Tom Roelant, and Cuyahoga Assistant County Prosecutor Steve Ritz, for their diligent consultation on this issue.