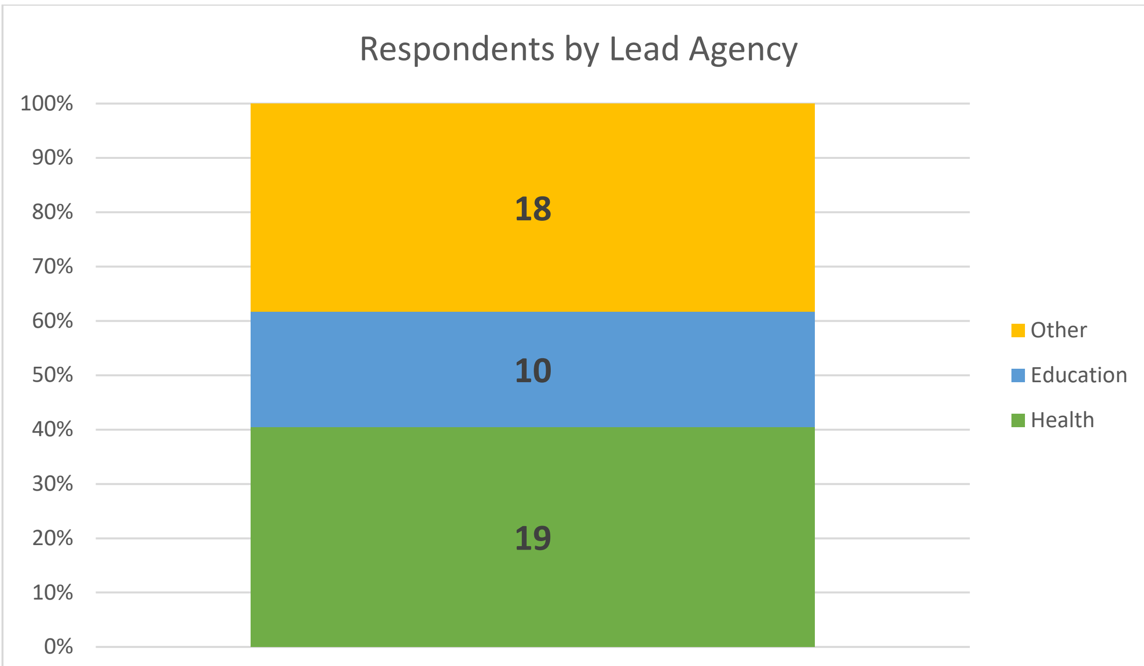
2018 ITCA Finance Survey

Fiscal Accountability

This is the fourth of four documents that comprise the 2018 ITCA Finance Survey Report. The report was divided into four parts for ease of accessing information.

Demographics

The data provided in this report reflects the most current data available from forty-seven of the fifty-six states and jurisdictions(referred to as states in the report). Nineteen states (40%) identified Health as their lead agency. Eighteen states (38%) identified Other as their lead agency and ten states (22%) identified Education as their lead agency.



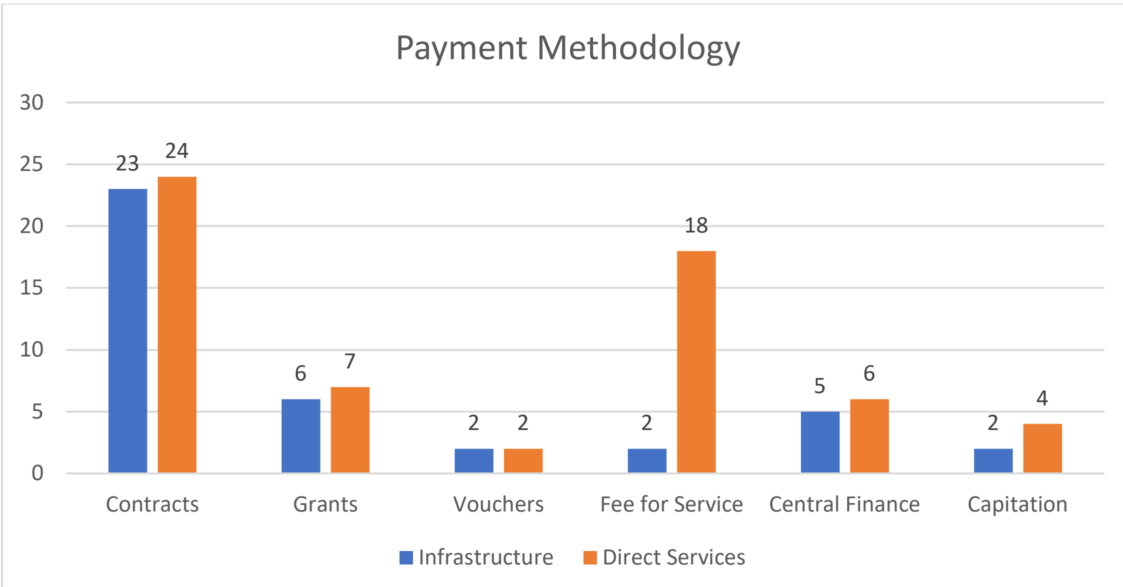
When compared to all states, states with Health as the lead agency had a response rate of 79%. States with Other as the lead agency had a response rate of 95% and states with Education as the lead agency had a response rate of 77%.

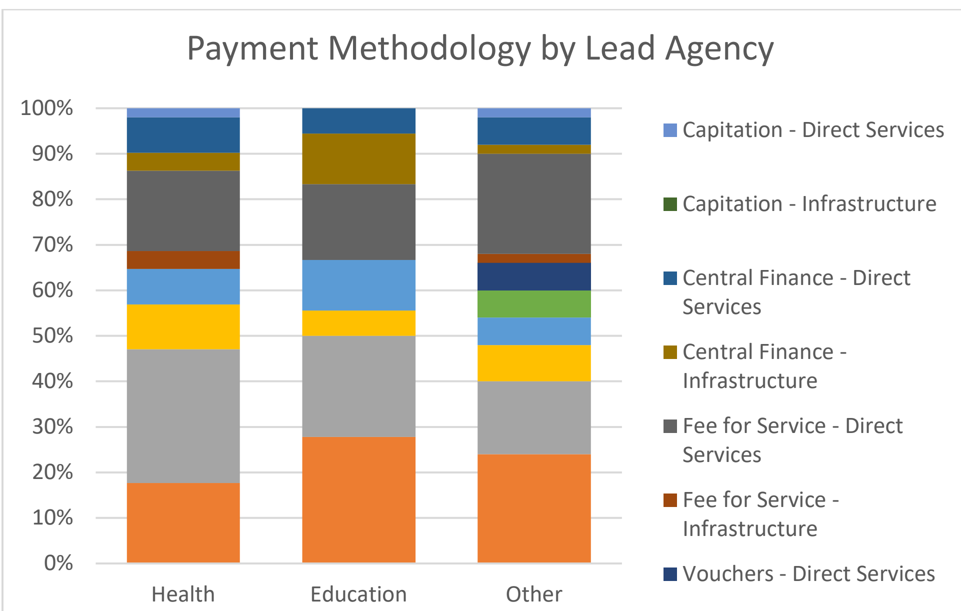
Fiscal Management and Accountability

The Finance Survey included numerous questions related to fiscal management and accountability.

1. *What is the Lead Agency's payment methodology (what mechanism do you use to move money from the state level to the local level)? Check all that apply.*

Thirty-five states responded to this question. Thirty-two states (91.4%) use contracts as their payment methodology. Eighteen states (51.4%) utilize fee for service. Ten states (28.6%) identified grants as their payment methodology. Four states (11.4%) use capitation and three states (8.6%) identified vouchers as their payment methodology. The chart below distinguishes differences between payment methodologies for infrastructure and direct services.

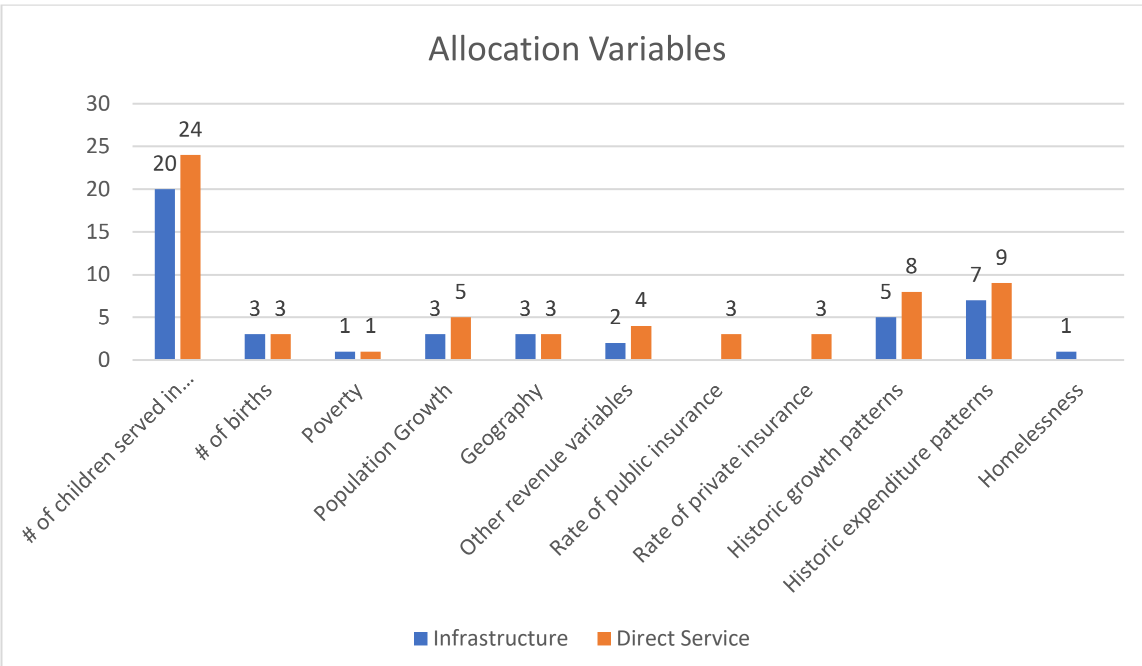




2. *Which of the following variables do you use in determining how much funding to allocate to the local Level? Check all that apply.*

Thirty-one states responded to this question. Twenty-eight states (90.3%) use the number of children served in the previous year. Nine states (29%) use historic growth patterns and historic expenditure patterns. Five states (16.1%) use population growth, geography and other revenue variables. Four states (12.9%) use the number of births. Three states (9.6%) use the rate of public and private insurance. Two states (6.4%) utilize poverty as a factor and one state (3.2%) include homelessness a factor.

The chart below indicates the responses sorted by infrastructure and direct service.

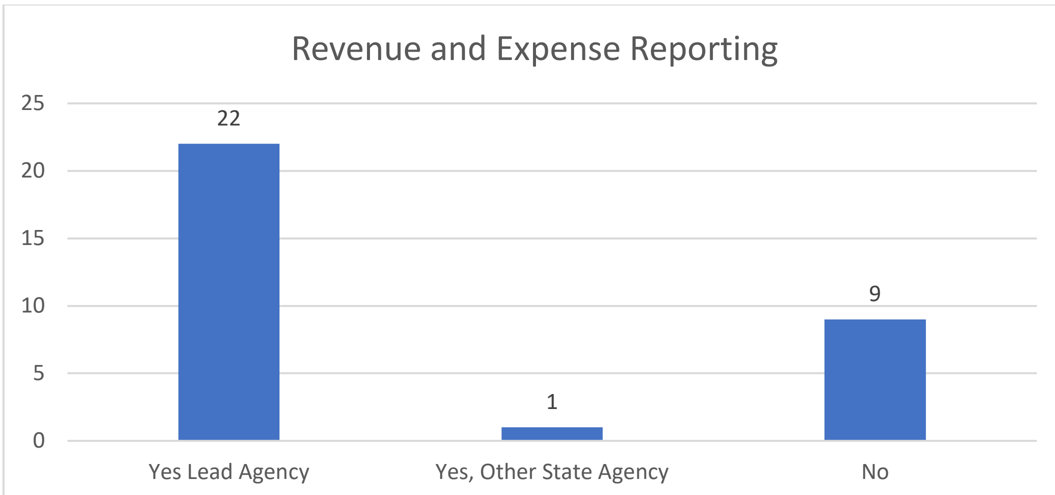


Comments provided by survey respondents:

• # of EI referrals, broken out by whether they resulted in a need for EI services or not.
• Compliance/result data
• DHS contracts with county government based on old allocation formula. We were unsuccessful in changing the allocation formula, too much risk of political fall-out. It is wrong, and we are just living with it.
• Each locality gets 50000 for administration
• No maximum obligations with individual contract, funds are drawn for a central pool of financial resources.
• Referral rates
• Regional historical annual allocations
• We use a provider agreement structure and pay on a fee for service basis

3. Does the state lead agency or any other state agency require all participating entities that receive funding for early intervention report all revenue and expenses generated on behalf of early intervention?

Thirty-two states responded to this question. Twenty-two states (68.75%) responded that the lead agency requires this reporting and one state (3.13%) indicated another state agency requires the reporting. Nine states (28.13%) do not require reporting of revenue and expenses generated on behalf of early intervention.



Respondent comments:

• Revenue yes but no expenses
• Contract agencies and entities submit monthly expenditure reports.
• My state has a single contract with another state agency. All funding is routed through this contract.
• State requires service coordination regions to provide quarterly expenses in conjunction with request for payment.
• This is "yes" and "no". Expenses are required. Medicaid revenue is generated but the amount is not reported to the lead agency.
• We have a central billing system and track this information

If you answered yes, how frequently is the information required to be provided?

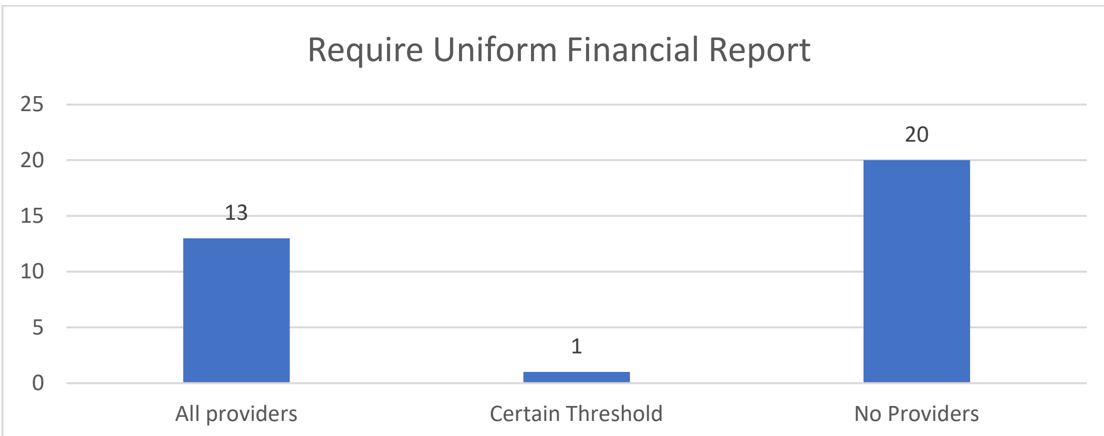
Twelve states indicated reports are required annually. Nine states require quarterly reports. Six states indicated they require monthly reporting and one state requires documentation semi-annually.

If a different state agency receives the revenue and expenditure report, is it shared with the lead agency?

While only one respondent had indicated that another state agency received the revenue and expenditure report, four states responded yes.

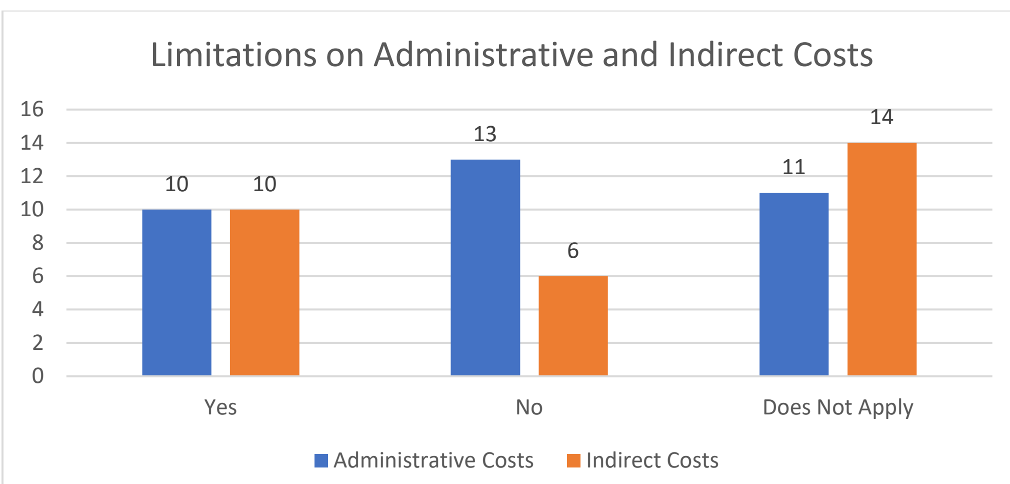
4. *Are all early intervention providers that receive funding through the Part C system required to submit a uniform financial report on an annual basis?*

Thirty-four states responded to this question. Thirteen states (38.24%) indicated all providers are required to submit a uniform financial report. One state (2.94%) requires those that meet a certain threshold. Twenty states (58.82%) do not require any provider to submit a uniform financial report.



5. *Does your state have a limit/maximum on the percentage you will pay local provider agencies for administrative costs and indirect costs?*

Thirty-five states responded to this question. Ten states (29.41%)indicated there was a limit for administrative costs and indirect costs.



Comments for Administrative Costs:

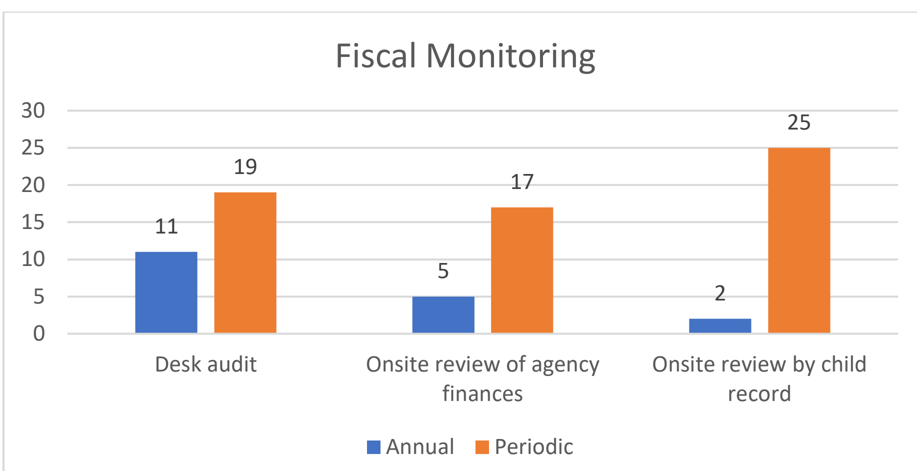
- 15% limit
- Varies annually, around 8-10%
- 25%
- Negotiated with the Federal Gov't annually
- 35%
- 12%
- 12%
- 7%
- Contracted amount is a firm-fixed price per region, per monthly invoicing process. Statewide total for FY was $10M

Comments for Indirect Costs:

- 5%
- 11% - usually an individually negotiated rate with state cap
- 10%
- Amount varies based on agreements with DOE
- 10% (4 states)
- Consistent with the agency's indirect cost agreement with USDOE

6. What type of fiscal monitoring does the state lead agency, or a contracted entity, conduct of participating entities? Check all that apply.

Thirty-two states responded to this question. Twenty-seven states (84.3%) are conducting desk audits. Twenty-one states (65.6%) conduct onsite reviews of agency finances and twenty-six states (81.2%) conduct onsite reviews by child record. The chart below reflects the frequency cited by respondents.

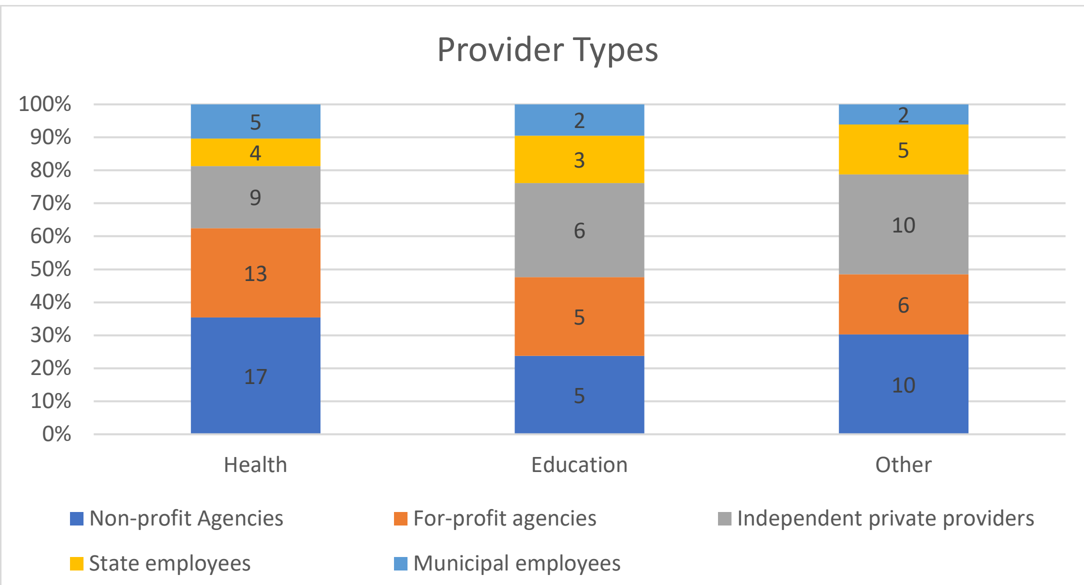


Respondent Comments:

- Every three years or more often as needed
- Annual reconciliation reporting
- Counties do annual monitoring. State has a cyclical monitoring that includes an annual component
- We follow whatever required practices there are for state agencies. This is taken care of through a completely different department than the one that administers IDEA Part C.
- Quarterly budget reviews of each region
- Monthly audits of provider billing practices

7. *What type of providers participate in the delivery of direct services in your system? Check all that apply.*

Thirty-five states responded to this question. Thirty-two states (91.43%) use non-profit agencies. Twenty-five states (71.43%) use independent private providers. Twenty-four states (68.57%) include for-profit agencies in their provider base. Twelve states (34.29%) use state employees and nine states (25.71%) use municipal employees.

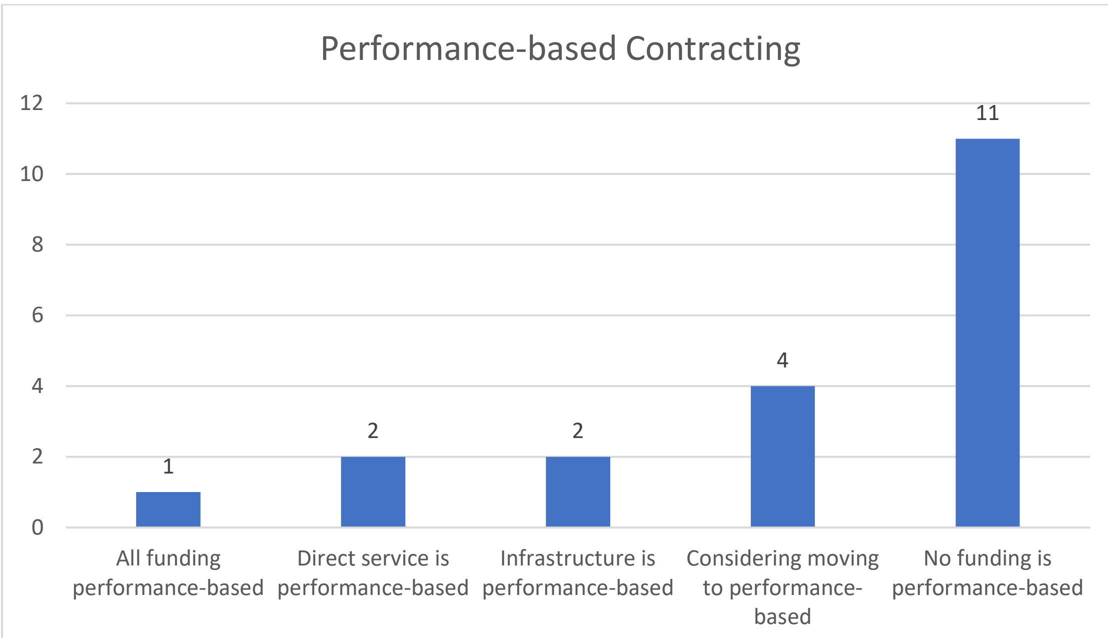


Performance-based Contracting

ITCA members have expressed an interest in the concept of performance-based contracting. States vary in their understanding of what performance-based contracting involves. Recognizing that many fund sources have begun to move in that direction, questions related to this concept have been added to the finance survey to begin tracking its utilization. The response rate to these questions was low.

8. Has your state implemented performance-based contracts?

Twenty-one states responded to this question. Eleven states (52.38%) indicated that no funding for their Part C system is performance-based. Four states (19.05%) responded that they are considering moving to performance-based funding. Two states (9.52%) indicated that direct service funding is performance-based and two states (9.52%) responded that infrastructure funding is performance-based. One state (4.76%) indicated that all funding for infrastructure and direct services is performance-based.



Respondent comment:

The lead agency will use this for other programs soon but not Part C any time soon.

9. Is your performance-based funding focused on compliance or evidence-based practices?

Six states responded to this question. Two states (33.3%) said that performance was based on compliance. Four states (66.67%) responded that performance-based funding was focused on both compliance and evidence-based practices.

10. Do you include incentives and disincentives?

Seven states responded to this question. Five states (71.43%) indicated that they included both incentives and disincentives. One state (14.29%) includes incentives and one other state (14.29%) includes disincentives.