

CONTRACT REFORM UPDATE  
May 21, 2009

DCF has received questions from many of its providers about the contract changes DCF recently communicated to its contracted agency providers. The contract changes: 1) ban the use of DCF funds for out of state travel and lodging, lodging costs for in-state conferences, morale activities directed at agency staff, and staff tuition reimbursement; 2) cap DCF funding for mileage reimbursement at \$0.31 per mile; and 3) limit how unspent funds may be re-directed within the budget.

In order to provide clarity on these contract changes for our contract agencies, please find outlined below: 1) a set of guiding principles DCF and agencies are to consider regarding accruals; and 2) a series of frequently asked questions and answers about the contract changes.

The Department hopes that the following information will be helpful to agencies while we all work to ensure that funds are directed to support our mission on behalf of the state's most vulnerable children and families. Additional questions should be addressed to your contract administrators. The Department will continue to update this website with additional information.

DCF will utilize the following guidelines in consideration of a provider's request to use unspent funds:

- Does use of the unspent funds address client's safety/well-being.
- Is the agency's proposed use of the funds needed to maintain the program's integrity, and;
- Is the proposed use of the funds consistent with the program description as described in the Annex A.

Question: Do these requirements apply to Individual Provider Agreements?

Answer: No

Question: Does "tuition reimbursement" include continuing education units (CEU)?

Answer: The restriction does not apply for an employee to attend courses for continuing education credits when licensure of the employee is required by the DCF contract. Example: The contract with DCF requires a LCSW clinician to provide counseling services to DCF clients; if the agency as part of its policies provides for payment for this type of program, and there are dollars allocated in the budget for this, payment for this would be allowable.

DCF funds may be used to reimburse an employee to complete a course(s) already in progress (i.e. employee is already matriculated and attending the summer semester).

Question: DCF contracts with my agency for an accredited program. Can staff attend an out of state conference if it is required to maintain the agency's accreditation?

Answer: DCF will consider approving agency staff's travel and attendant costs (travel and lodging) in instances where the agency has already submitted payment, prior to May 2009 and whether there are cancellation fees.

DCF will also approve attendance at a conference/training program, if there are identified funds in the approved budget and if the program model described in the contract requires practitioners to attend a specific training site, in order to maintain accreditation to continue to use the contracted program model. In this situation, skill enhancement would not be sufficient rationale.

Question: Is it permissible to charge the DCF contract for attendance at trainings or conferences held in the New York City or Philadelphia metropolitan areas?

Answer: Yes, but DCF funds may not be used to pay for meals or lodging.

Question: Is the reduction in the mileage reimbursement retroactive to the beginning of the contract year?

Answer: No, the reduction is in effect for mileage incurred on or after June 1, 2009.

Question: Are agencies with fixed rate contracts required to follow these guidelines if business efficiencies leave them with surplus funds at the end of the contract year?

Answer: Yes. The requirements listed in the letter limit allowable expenses with fixed rate contracts (fee for service).

Question: Are agencies able to give employees a one-time bonus if there are funds left at the end of the contract year?

Answer: No, this is not a permissible use of funds. As noted in the letter, one-time salary increases are not able to be approved.

Question: Are agencies able to increase employees' salaries with DCF funds?

Answer: DCF will consider an agency request to increase salaries with DCF funds as part of a contract renewal budget, so long as it does not impact levels of service or the program services.

Question: Are agencies able to use DCF funds to offset increased costs for fringe benefits?

Answer: DCF will consider an agency request to use DCF funds as part of a contract renewal to offset increased fringe benefit costs, so long as it does not impact levels of service or the program services.

Question: Are agencies still able to move funds within flexible spending limits (below a % threshold of the total budget) without a contract modification?

Answer: Yes, but in addition to the limits described in the policy DCF P1.10-2007 Section 4 E 8, agencies may only do so if the transfer of funds satisfies the following guidelines:

- does use of the unspent funds address client's safety/well-being.
- Is the agency's proposed use of the funds needed to maintain the contracted program's integrity, and;
- Is the proposed use of the funds consistent with the program description as described in the Annex A.

DCF will recoup inappropriately transferred funds.