



# PACHSA

Pennsylvania Association of County Human Services Administrators  
 An Affiliate of the County Commissioners Association of Pennsylvania

Kelly Andrisano, J.D., *Executive Director*  
 PACHSA  
 17 North Front Street  
 Harrisburg, PA 17101  
[Kandrisano@pacounties.org](mailto:Kandrisano@pacounties.org)  
 (717) 232-7554 x 3132

## FUNDING FORMULAS

Some funding for services is allocated to counties on the basis of a formula, and there are many factors included in the allocation formula, depending on the program. In some cases, the formula is dependent on population and poverty, census data, metropolitan statistical details, among other things.

Policy makers and county officials are often frustrated by funding formulas that don't change to reflect circumstances that occur over time. Some formulas have simply been developed haphazardly, and maintained over time, as funding opportunities were presented. It's important to understand that a formula factor change will have far reaching consequences in many cases, leading to some county allocations being reduced so that others can be increased, and the reallocation or rebalancing can leave significant funding challenges to the counties that are losing funds. The County Commissioners Association of Pennsylvania (CCAP) believes that formula changes must take into account the consequences created, and wherever possible, provide for hold harmless for counties disadvantaged by formula revisions.

Counties administer a wide variety of human services. Not all are included or addressed in this article, but a rather a comprehensive representation of county service systems are included. The following chart depicts many funding formulas in use in Pennsylvania for community human services:

<b>Funding Formulas for County Human Services</b>							
<b>Children and Youth, Juvenile Detention Centers</b>							
<b>Law or Initiative</b>	<b>Fed</b>	<b>State</b>	<b>Agency</b>	<b>Effective Date</b>	<b>Last Modified</b>	<b>Description</b>	<b>FY 10-11 Funding Allocations</b>
Act 148 of 1976		X	Public Welfare	July 9, 1976	Act 30 of 1991	Sets reimbursement rates for services provided	\$1,046 million Co. Child Welfare allocated;  Counties had requested \$2,032 million through NBP&B.  DPW certified \$1,925 million.  Governor proposed \$1,072 million.
Title IV-E of the Social Security Act	X		Public Welfare		1994	Sets federal participation rate for allowable services to eligible youth. Reimbursement rate established according to county poverty level	\$304 million County child welfare;  IV-E \$9.3 million ARRA IV E
PA Code 55-3130.32		X	Public Welfare	1982	1987	Sets caseworker-to-client ratio of no more than 1-30	No specific line item amount; reimbursement levels determined by type of

| | | | | | | work |

## Drug and Alcohol

Law or Initiative	Fed	State	Agency	Effective Dates	Last Modified	Description	FY 10-11 Funding Allocations
Substance Abuse Prevention and Treatment Block Grant (SAPT)	X		Health/BDAP	1972	Annual	No funding formula is established. Federal funds are allocated SCAs. The 1972 allocations were based on county population and special initiatives. Formula adjusted annually to balance the amount of state and federal funding allocated to each SCA. Mandatory funding levels are required specified services. The department allocates funding for Student Assistance programs in schools.	\$54.1 Million
Act 63 of 1972		X	Health/BDAP	1972	Annual	The state is required to provide maintenance of effort to match block grant funds. State dollars allocated to SCAs based on annually adjusted formula to balance proportion of funding streams and hold SCAs harmless to the extent possible.	\$41.7 Million (state)
Act 152		X	Public Welfare/OMHSAS	1988		Act 152 funds residential drug and alcohol services for persons eligible for Medical Assistance, but not yet enrolled in HealthChoices. OMHSAS allocates funds annually Allocations reduced proportionally as HealthChoices began. SCA's redistribute unused funding to areas of greatest need.	\$16.2 Million
Act 1 of 2010		X	Health/Bureau of Drug and Alcohol Programs	2010		SCAs receive funding for assessment and residential treatment for substance abuse problems from gaming revenue. Allocation of funds is based on past utilization of services, and population.  In July 2010 SCAs began to receive half of the funds in the problem gambling fund for community needs assessments, prevention and treatment of problem and addictive gambling.	\$3 million (state)
BHSI		X	Public Welfare/OMHSAS	1996		The Behavioral Health Services Initiative was to provide mental health and substance abuse treatment services to individuals who lost eligibility through Welfare Reform. The statewide amount is split 60% drug and alcohol;40% mental health and then allocated to SCA's and county MH/MR programs. The formula was initially based on utilization; there is no correlation to county population.	The money is split 60/40 between drug and alcohol and mental health. Drug and alcohol's portion is \$31.9 Million

## Housing

Formula Title	Fed	State	Dept	Effective Dates	Last Modified	Description	FY 10-11 Funding Allocations
Title XX Emergency Shelter Program (Homeless Assistance Program)	X	X	DPW	1983	1996-1997	The program began with Requests for Proposals (RFP) to all counties, but not all counties responded. Although percentages of individuals in poverty and rates of unemployment were initially included, these criteria did not remain consistent as the program rolled out and became statewide in FY 1996-1997.	\$22.8 Million (state) \$6.1 Million (federal)
Homeless Prevention and Rapid Rehousing Program (HPRP); Title XII of ARRA 2009	X		Community and Economic Development	2009			\$20.2 million (federal) pursuant to the federal formula; \$1.5 million to be distributed through competitive grants. (\$21.7 million total federal funds)Total federal funds

## Food Programs

Formula Title	Fed	State	Dept	Effective Dates	Last Modified	Description	FY 10-11 Funding Allocations
State Food Purchase Plan (SFPP) State law at 62 P.S. §§4041-4049		X	Agriculture			Provides grants to counties or a designated lead agency to purchase food for the needy, the statute does not specify a funding formula, the department uses three factors, each of which account for 33% of the allocation: unemployment, food stamps, and medical assistance.	\$17.9 million
EFSP - Yearly FEMA Appropriation- no formula title	X		Funds are directly allocated to counties			Emergency Food & Shelter Program (EFSP). No particular funding formula, each State Set-Aside Committee determines county allocations taking numerous factors into consideration	\$1.3 Million

Emergency Food Assistance Program (TEFAP); 1990 Federal Farm Bill	X			1981	1990	Distributed pursuant to total unemployed persons and number of persons with incomes below the poverty level in the state; distributed regionally to food banks and community organizations who then distribute to individuals based on their income. Organizations that distribute to households directly are allocated food based on the household eligibility; organizations who distribute prepared meals must demonstrate that they serve predominantly needy persons.	\$8.9 million
---	---	--	--	------	------	--	---------------

### County Nursing Homes

Formula Title	Fed	State	Dept	Effective Dates	Last Modified	Description	FY 10-11 Funding Allocations
Pay for Performance (P4P)	X	X	DPW/OLTL	7/1/2006		Incentive Payment to county nursing homes quarterly only if the acuity level of residents increases at that home	\$6.5 million – uses Certified Public Expenditure funds
Medicaid Day One (MDOI)	X	X	DPW/OLTL	7/1/2006	Annual - based on FMAP	Incentive payments to county nursing homes to serve MA residents	Approximately \$37.4 million total \$20.65 million federal \$16.75 million state.
Payment Rates	X	X	DPW/OLTL	7/1/2006	7/1/10 Annual	Amount paid to provide care to Medicaid residents	\$618 million – state \$2.15 billion federal \$423 million in federal stimulus funds
Assessment	X	X	DPW/OLTL	7/1/2007		Financing mechanism to drawdown additional federal funds	\$387.6 million
(Act 132) County Share			DPW/OLTL	1976		Requirement that counties pay 10% of the non-federal cost of care for MA residents	Approximately \$24 million – state funds/CPE funds
CPE	X		DPW/OLTL	7/1/2005		Cumulative dollars from all county homes available through a Certified Public Expenditure process	Estimated \$41 million for FY 09-10 – last available

### Mental Health/Mental Retardation

Formula Title	Fed	State	Dept	Effective Dates	Last Modified	Description	FY 10-11 Funding Allocations
---------------	-----	-------	------	-----------------	---------------	-------------	------------------------------

MH/MR Act of 1966		X	DPW			Allocations are based on historical costs, the distribution of any new initiative funding, and the calculation of any COLA increases, if applicable, based on base program allocations.	Mental Health State \$709.8 million Mental Health Federal \$14.4 million Mental Health ARRA \$6 million Mental Retardation State \$801.4 million Mental Retardation Base ARRA \$2.2 million Mental Retardation Federal \$45 million Mental Retardation ARRA \$182.2 million
-------------------	--	---	-----	--	--	---	---

### Mental Health/Mental Retardation Cont'd

Formula Title	Fed	State	Dept	Effective Dates	Last Modified	Description	FY 10-11 Funding Allocations
H/MR Act 1966 Managed Care Act 1998 Title IXX	X	X	DPW/ OMHSAS	1997	Statewide 2007	Rates based on Medical Assistance recipients in a given zone and utilization patterns using actuarially sound principles	FY 2010-2011 \$1.734 million Federal \$1.105 million state

### Early Intervention (birth to three)

Formula Title	Fed	State	Dept	Effective Dates	Last Modified	Description	FY 10-11 Funding Allocations
Federal IDEA Part C State Early Intervention Services Act 212 of 1990	X	X	Education DPW	1990		This is a federal entitlement program with a state entitlement requiring county match (10%) for state funds. Although oversight is a joint effort between two departments, counties administer the services to infants and children from birth to age three.	State - \$115.7 million Federal \$49 million ARRA \$6.2 million

### Aging

Formula Title	Fed	State	Dept	Effective Dates	Last Modified	Description	FY 10-11 Funding Allocations
---------------	-----	-------	------	-----------------	---------------	-------------	------------------------------

Family Caregiver Support Department of Aging Policy (Act 132)	X	X	Aging			Funds allocated pursuant to three factors considered: all older people (60+) below poverty, weighted by 2; older minority people below poverty, additional weight of 1; older rural people below poverty, additional weight of 1. Because appropriation has not increased since FY 00-01, census data and formula have not been updated.	\$12.1 million state \$10 million federal
PennCARE - Established in PA Department of Aging policy through the Federal Older Americans' Act of 1965 and Act 1978-70	X	X	Aging	1956 & June 20, 1978	2006 & 2004	PennCARE provides state funding to the 52 Area Agencies on Aging from lottery funds; allocation is determined by Intrastate Funding Formula approved in 2004, and state law incorporates a "hold harmless" provision that specifies that no AAA may receive less state funding than it received in the preceding	Federal \$10 million State \$12.1 million

**Notes:**

**C&Y/Juvenile Detention:**

Act 30 of 1991, which is part of Article VII, mandates an annual NBPB process.

62 P.S. §709.2 (b) (relating to Review of County Submissions), requires the Department to consider whether the county's plan and budget is reasonable in relation to past costs, projected cost increases, number of children in the county, number of children served, service level trends, and estimates of other sources of revenues.

55 Pa. Code Chapter 3130, "Administration of County Children and Youth Social Service Programs", relates to the responsibilities for children and youth services. The goal of children and youth social services is to ensure for each child a permanent, legally assured family which protects the child from abuse and neglect (§3130.11).

55 Pa. Code Chapter 3140, "Planning and Financial Reimbursement Requirements for County Children and Youth Social Service Programs" relates to the development and submission of the NBPB, and it sets forth the mechanism by which the Department reimburses counties for eligible expenditures incurred by the county for children and youth social services and substitute care.

As stated in 55 Pa. Code §3140.17, the services described in the NBPB must be consistent with program objectives. The NBPB must be reasonable when compared with current and prior trends in the number of children in the county, the number of children served, service levels, and unit costs.

New initiatives and services must be reasonable, and the county must identify cost savings or reduced rates of increase within its major service category or another major service category. The county must identify that the service is less expensive or more effective than the current service available. The cost of the new service or initiative is limited to six (6) months funding during the first year or up to ten (10) months funding based on adequate justification, and the county must show that the cost savings will equal at least the amount of the additional funds requested beyond the six (6) months.

55 Pa. Code §3140.21(c) identifies costs that will not be considered reimbursable through the "Needs Based Budget" process. These expenditures include mental health and mental retardation treatment services, basic education programs, and related cost of the probation office, juvenile court, or county social service (other than the child welfare agency) staff.

55 Pa. Code Chapter 3170, “Allowable Costs and Procedures for County Children and Youth Social Service Programs,” defines allowable costs that are reimbursable by the Department. §3170.11(b) states that the Department will participate financially in the payment of expenditures which are necessary and justifiable for program operation and that expenditures made must be reasonable to the extent that they are of the same nature as expenditures which would be made by a prudent buyer in the market place. Expenses which are not included in Chapter 3170 are not eligible for Departmental financial participation. IV-E: The Foster Care Program helps States to provide safe and stable out-of-home care for children until the children are safely returned home, placed permanently with adoptive families or placed in other planned arrangements for permanency. Authorized under title IV-E of the Social Security Act, as amended, the Foster Care Maintenance Payments Program provides Federal matching funds of 50 to 83 percent, depending on the state's per capita income. Funding is contingent upon an approved State plan to administer or supervise the administration of the program. The State must submit yearly estimates of program expenditures as well as quarterly reports of estimated and actual program expenditures. Funds are available for: monthly maintenance payments to eligible foster care providers; administrative costs to manage the program; training staff and foster parents; foster parent recruitment; and other related expenses. The federal financial participation (FFP) rate for Title IV-E Placement Maintenance (PM) and Adoption Assistance (AA) will be 54.08 percent through September 30, 2009 and 53.96 percent October 1, 2009 through September 30, 2010. The FFP rate for training decreased to 50 percent, and the FFP rate for administration remains at 50 percent.

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 repealed AFDC and established in its place the Temporary Assistance for Needy Families block grant. However, Title IV-E foster care requirements look back to the 1996 AFDC criteria for eligibility.

In 1994, as a result of these concerns, Congress enacted amendments to the Social Security Act that required HHS to enact regulations for reviewing states' Title IV-E programs. *See* 42 U.S.c. § 1320a-2a. Among other things, the amendments direct that the new regulations include a timetable of the review process to ensure that states are subject to "timely review[sl." *Id.* § 1320a-2a(b)(1)(B). The amendments also prohibit HHS from assessing liability on a state for past-submitted claims without first allowing the state the opportunity to correct any errors through a program improvement plan. *Id.* § 1320a-2a(b)(3)(B).

#### **County Nursing Homes:**

Pay for Performance – This program is currently funded through 6/30/12.

Medicaid Day One – This program is currently funded through 6/30/11.

Payment Rates – Since 7/1/06 county nursing homes have been paid differently than non-public facilities. The rate is determined on a per diem basis and will be the facility's prior year per diem rate multiplied by a budget adjustment factor determined annually by the Legislature in accordance with an approved State Plan Amendment.

Assessment – County nursing homes were added to the assessment program on 7/1/07. They are assessed a fee on their non-Medicare resident days and then paid according to their Medicaid days.

County Share – This is the biggest issue facing county nursing homes today as relief from the county share/invoice fee requirement will end on 12/31/11 unless an administrative or legislative solution is found.

Disproportionate Share – This provides an incentive program for nursing homes that achieve a minimum total occupancy percentage and certain specific Medicaid occupancy percentages.

CPE – The Certified Public Expenditure (CPE) process is a revenue maximization effort that utilizes some costs incurred at county nursing homes that are currently not reimbursed by the Medicaid program to be claimed for federal funds.

It is important to note that non-county nursing homes are paid differently in their per diem rates and the assessment program. In addition, some of the above incentive programs are not available to non-county nursing homes.

#### **MH-MR:**



Allocations are based on historical costs, the distribution of any new initiative funding, and the calculation of any COLA increases, if applicable, based on base program allocations. Mandated services include:

- (1) Short term inpatient services other than those provided by the State.
  - (2) Outpatient services.
  - (3) Partial hospitalization services.
  - (4) Emergency services twenty-four hours per day which shall be provided by, or available within at least one of the types of services specified heretofore in this paragraph .
  - (5) Consultation and education services to professional personnel and community agencies.
  - (6) Aftercare services for persons released from State and County facilities.
  - (7) Specialized rehabilitative and training services including sheltered workshops.
  - (8) Interim care of mentally retarded persons who have been removed from their homes and who having been accepted, are awaiting admission to a State operated facility.
  - (9) Unified procedures for intake for all county services and a central place providing referral services and information.
- (e) Such local authorities shall also have the power to establish the following additional services or programs for the mentally disabled:
- (1) Training of personnel.
  - (2) Research.
  - (3) Any other service or program designed to prevent mental disabilities.

**Aging:**

PennCARE provides state funding to the 52 Area Agencies on Aging from lottery funds; allocation is determined by Intrastate Funding Formula approved in 2004, and state law incorporates a “hold harmless” provision that specifies that no AAA may receive less state funding than it received in the preceding year. The model uses five factors with various weightings: population within the AAA area aged 60+ weighted by .1; population within the AAA area aged 75+, weighted by .2; population of minority persons within the AAA area aged 60+, weighted by .2; rural population within the AAA area aged 60+ weighted by .25; poor persons within the AAA area aged 60+ weighted by .25, defined by at or below 100 percent of poverty. The state hold harmless provision greatly affects the actual allocations received, with some receiving much less than the would under a pure formula and others receiving more. The Department of Aging and AAA’s have been trying to reach a consensus on developing a new formula over the past few years that would address the inequities that have resulted from the hold harmless provision; data has not been updated since last census.

Aging Block Grant: In addition to Federal and State PennCARE and Family Care Giver Support Funds described above, the AAA’s “Aging Block Grant” also includes State Direct Care Worker Funds (not recently allocated, a \$3 million fund); Medicaid Assessment Funds (based on the previous year’s assessments and adjusted at the end of the year for actual assessments); Nutrition Services Incentive Program (based on the last year’s meal count); and Federal Health Promotion, Federal Medication Management, and Federal Apprise funds which are all allocated based on the IntraState funding formula approved in 2004 (see above).