

MINNESOTA RULES 1983

7353

GRANTS FOR PROGRAMS FOR MENTALLY ILL 9535.0100

CHAPTER 9535 DEPARTMENT OF PUBLIC WELFARE GRANTS FOR PROGRAMS FOR MENTALLY ILL PERSONS

COMMUNITY SUPPORT SERVICES FOR CHRONICALLY MENTALLY ILL PERSONS

9535.0100 DEFINITIONS.
9535.0200 STATUTORY AUTHORITY.
9535.0300 PURPOSE.
9535.0400 SCOPE.
9535.0500 CONSTRUCTION OF RULE.
9535.0600 LEGAL INCONSISTENCIES.
9535.0700 ALLOCATION OF FUNDS.
9535.0800 CONTENT OF APPLICATIONS.
9535.0900 USE OF PROJECT FUNDS.
9535.1000 ADMINISTRATIVE OVERHEAD.
9535.1100 LOCAL MATCH.
9535.1200 MAINTENANCE OF FINANCIAL STATEMENTS.
9535.1300 BUDGET REVISION PROCEDURES.
9535.1400 REPORTING REQUIREMENTS.
9535.1500 DURATION OF AWARDS.
9535.1600 OTHER APPLICABLE LAWS AND RULES.

RESIDENTIAL SERVICES FOR ADULT MENTALLY ILL PERSONS

9535.2000 SCOPE AND PURPOSE.
9535.2100 DEFINITIONS.
9535.2200 ALLOCATION OF GRANTS.
9535.2300 APPLICATION CRITERIA.
9535.2400 BUDGETS.
9535.2500 LINES OF ACCOUNTABILITY AND FLOW OF FUNDS.
9535.2600 STATE AND LOCAL SHARES.
9535.2700 REPORTING AND MAINTENANCE OF RECORDS.
9535.2800 REVISION PROCEDURES FOR APPROVED BUDGETS AND OBJECTIVES.
9535.2900 TERMINATION OR RETURN OF GRANT.
9535.3000 SEVERABILITY.

COMMUNITY SUPPORT SERVICES FOR CHRONICALLY MENTALLY ILL PERSONS

9535.0100 DEFINITIONS.

Subpart 1. **Administrative overhead.** "Administrative overhead" means all project costs other than those included in "allowable direct service costs."

Subp. 2. **Allowable direct service costs.** "Allowable direct service costs" means:

A. salaries and related expenses (e.g., payroll, taxes, health insurance, telephone, personal liability insurance, postage, recruitment) of personnel providing services directly to clients in the project (this includes "support" personnel to the extent that such personnel perform client-related duties such as client recordkeeping, individual program planning, and on-site program supervision);

B. local (in-state) travel costs of above personnel;

C. consumable supplies used by the above personnel in performing client-related duties, and by clients in carrying out program activities;

D. minor expenditures which are justified by showing that the expenditures meet the criteria in part 9535.0900, subpart 3;

E. crisis home room and board costs which are justified by showing that it would not be cost-effective to charge the individual or third parties for these costs.

Subp. 3. **Case management.** "Case management" means a direct service provided by mental health workers to chronically mentally ill people. Essential components of case management are monitoring and supervising individual clients; assuring coordination and availability of treatment/rehabilitation/support services; and providing access for the client to problem-solving resources. These activities which are essentially coordinating and problem-solving functions are provided and periodically reviewed over the period of time that the case is open. It shall include, but not be limited to:

A. assessment of the client's strengths, problems, and needs;

B. development of and carrying out the individual program plan;

MINNESOTA RULES 1983

9535.0100 GRANTS FOR PROGRAMS FOR MENTALLY ILL

7354

- C. coordinating the various service components in the continuum of care to carry out the individual program plan;
- D. providing linkage between the service system and the client;
- E. assuring that clients are involved with appropriate resources and services in accordance with the individual program plan;
- F. monitoring and periodically revising of the individual program plan;
- G. influencing service providers to respond to client needs;
- H. stimulating the development of needed services and resources; and
- I. protecting the rights and dignity of clients being served.

Subp. 4. **Chronic mental illness.** "Chronic mental illness" means a condition characterized by severe and persistent symptoms of mental or emotional disability, and diminished levels of functioning relative to primary aspects of daily living, such as personal relations, living arrangements, work skills, recreation, and mobility.

Subp. 5. **Commissioner.** "Commissioner" means the commissioner of public welfare or a designated representative.

Subp. 6. **Community support services.** "Community support services" means a network of services coordinated to meet the needs of chronically mentally ill people and to develop their potential ability to function more independently without being unnecessarily isolated or excluded from the general community. These services are based on identified needs of a specified population at risk of recurring episodes of mental illness and are designed to assist such people to improve their functioning in primary aspects of daily living, as identified in the definition of chronic mental illness.

Subp. 7. **County board of commissioners.** "County board of commissioners" means that body of duly elected officials responsible for the governance of its county under the authority of Minnesota Statutes, sections 375.02 to 375.55.

Subp. 8. **Crisis home.** "Crisis home" means a facility providing room, board, and support and referral services for up to four persons, for up to five days, while individuals are assisted to resolve an acute crisis or emergency situation which requires temporary housing.

Subp. 9. **Crisis management.** "Crisis management" means short-term services provided, to the extent possible, in the client's usual surroundings including the client's own home or substitute home, aimed at the reduction of acute emotional disabilities and their physical and social manifestations and the restoration of emotional equilibrium. Such services must be available 24 hours a day, seven days a week.

Subp. 10. **Day treatment program.** "Day treatment program" means a program of administratively organized and programmatically structured services operating less than 24 hours a day for chronically mentally ill people which devotes a significant share of the scheduled program day to the teaching of independent living skills, psychosocial rehabilitation, psychotherapy, and development of socialization skills so that the participants may function more independently and more effectively in their own communities.

Subp. 11. **Department.** "Department" means the Department of Public Welfare.

Subp. 12. **Designated agency.** "Designated agency" means that agency selected by the county board of commissioners pursuant to Minnesota Statutes, section 253A.02, subdivision 23, as amended.

Subp. 13. **Drop-in center.** "Drop-in center" means a facility offering semistructured services and activities for chronically mentally ill people, including support and social skill development.

MINNESOTA RULES 1983

7355

GRANTS FOR PROGRAMS FOR MENTALLY ILL 9535.0400

Subp. 14. **Independent living skills.** "Independent living skills" means those skills necessary for an individual to function successfully independently, such as money management; cooking; grooming; obtaining and holding employment; and personal health maintenance, including medication management.

Subp. 15. **Individual program plan (IPP).** "Individual program plan (IPP)" means a written plan of treatment and rehabilitation containing measurable goals and objectives designed to meet the particular needs of an individual client which has been jointly developed and regularly reviewed by appropriate providers, the assigned case manager, and the client.

Subp. 16. **Program.** "Program" means a formal continuum of care that is a coordinated combination of services, with clear goals and measurable objectives. Programs are directed toward meeting the needs of specific disability groups, and individuals within those groups, while allowing for the ready movement of individuals between appropriate services.

Subp. 17. **Project.** "Project" means specific formally organized services for which application for funds are being made under these parts.

Subp. 18. **Residential facility.** "Residential facility" means any facility or part of a facility not currently licensed as a hospital, offering administratively organized and programmatically structured 24 hours a day room, board, and relevant services to foster the independence of chronically mentally ill people.

Subp. 19. **Service.** "Service" means a specific identifiable, goal-oriented activity which, for purposes of these parts, is provided to reduce major disabilities related to chronic mental illness.

Statutory Authority: *MS s 256E.12*

9535.0200 STATUTORY AUTHORITY.

The authority for parts 9535.0100 to 9535.1600 is Laws of Minnesota 1979, chapter 324, section 12, codified as Minnesota Statutes, section 256E.12.

Statutory Authority: *MS s 256E.12*

9535.0300 PURPOSE.

The purpose of parts 9535.0100 to 9535.1600 is to govern grant applications, approval of applications, allocation of grants, and maintenance of financial statements by grant recipients. In order to carry out these purposes, these parts will set minimum standards for the contents of grant applications, allocation and award of grants, and maintenance of financial statements to carry out the intent of the authorizing legislation.

The provisions of these parts shall be severable. If any clause, sentence, or provision is declared illegal or of no effect, the validity of the remainder of these parts and its applicability shall not be affected.

Statutory Authority: *MS s 256E.12*

9535.0400 SCOPE.

Parts 9535.0100 to 9535.1600 apply to those county boards of commissioners which apply, either individually or jointly with neighboring counties, to the commissioner of public welfare for grants to carry out the purposes of these parts.

The county board of commissioners may request funds under these parts for programs and services for chronically mentally ill people to be carried out by the county or by any public or private organization or any combination of these organizations with which the county contracts.

Statutory Authority: *MS s 256E.12*

9535.0500 CONSTRUCTION OF RULE.

Parts 9535.0100 to 9535.1600 shall not be construed as requiring expenditures of moneys not available.

Statutory Authority: *MS s 256E.12*

9535.0600 LEGAL INCONSISTENCIES.

Any provision of parts 9535.0100 to 9535.1600 inconsistent with any state or federal law is superseded by that law.

Statutory Authority: *MS s 256E.12*

9535.0700 ALLOCATION OF FUNDS.

Subpart 1. Priority of allocation. Funds will be awarded for continuation of projects previously funded at State Register, volume 5, page 2131 or for new or expanded services which provide direct services to chronically mentally ill people and emphasize crisis management, independent living skill training, and case management components. Priority of allocation will be made to applicants previously funded under the authority at State Register, volume 5, page 2131 if such applicants otherwise meet the terms of these permanent parts. Day treatment, crisis homes, and drop-in centers are examples of services which may be funded under these parts.

Programs and services provided at the site of a long-term residential facility may be funded but will be given a lower priority than those provided away from the residential facility, unless the applicant county documents that the residents of the facility are unable to leave the facility to make use of the services.

Applications proposing services not mentioned in this section will be considered if there is a documented local need for them.

Subp. 2. Regional priorities. To the extent that the applications submitted are equally meritorious, the department will allocate funds in such a way that amounts are awarded, pro rata, according to population size, approximately one-half to applying counties from region XI and approximately one-half to applying counties from the balance of the state. If there are not sufficient acceptable applications from one group of counties as defined above, the remaining funds will be awarded to qualifying applications from the other group of counties.

Subp. 3. Reallocation. The commissioner may reallocate funds within each fiscal year, which have been awarded to counties but not used by them.

Statutory Authority: *MS s 256E.12*

9535.0800 CONTENT OF APPLICATIONS.

Subpart 1. Format and information required. Applications must contain at least the following information, following the problem, objectives, method, evaluation (POME) format.

A. Problem: a clearly defined statement of the problem to be addressed by the proposed service; the population at risk; and the evidence of the need for this service.

B. Objectives: a statement of the measurable time-limited outcomes of the proposed service.

C. Methods: the modalities of treatment and rehabilitation to be used; a description of how individual program plans will be used in carrying out the service; a description of how case management will be used in carrying out the service; a description of how the proposed service will fit into the local continuum of care and service; and a description of the proposed site(s) and providers to be used. If the providers and sites have not been finally determined at the time of application, the department will consider the application if it contains indications of potential providers and sites.

MINNESOTA RULES 1983

7357

GRANTS FOR PROGRAMS FOR MENTALLY ILL 9535.0900

D. Evaluation: a description of how the county boards of commissioners will determine the effectiveness of projects funded under parts 9535.0100 to 9535.1600.

Subp. 2. **Budget.** A budget shall be included with the application, completed on designated budget forms. Dollar amounts for the various items included in the budget document shall reflect and be based upon the prevailing cost of like components in the local community. It shall indicate the total cost of the project, showing the state and local shares. The specification of the local share shall indicate the amount of actual local funds committed to the project source.

Subp. 3. **Signatures.** If the service is proposed by and for more than one county, the chairpersons of all participating county boards of commissioners shall sign the application.

Subp. 4. **Number of copies.** Six complete copies of the application and budget shall be submitted to the department.

Statutory Authority: *MS s 256E.12*

9535.0900 USE OF PROJECT FUNDS.

Subpart 1. **Purpose.** The purpose of this experimental, time-limited appropriation is to provide new or expanded programs and services to chronically mentally ill adults in such a way as to maximize the use of the funds in a relatively short period of time to test their effectiveness. The use of the funds available under this appropriation for capital expenditures or nonservice related costs would not serve this purpose and therefore will not be allowed.

Subp. 2. **Treatment of other income received by the project.** For projects funded under the authority of this rule, any income other than county funds received as a reimbursement for project costs (e.g., title XIX fees) will be applied first to the local share of the project's budget. The income in excess of the local share shall be applied to the state share.

Subp. 3. **Exceptions.** If an applicant can show that an expenditure other than for a direct service is 1) relatively minor, 2) essential for the project to operate, and 3) cannot be paid for from local funds, such an expenditure shall be paid for from funds available under these parts, with the approval of the commissioner.

Subp. 4. **Room and board costs.** State funds available under these parts shall not be used to pay room and board costs, except for such costs in crisis homes, and then only if it can be demonstrated not to be cost-effective to charge the individual or third parties for these costs.

Subp. 5. **Existing fiscal support of programs and services.** Funds available under these parts shall not be used to replace existing fiscal support of programs and services. In the event that existing fiscal support of a mental illness program or service is eliminated or reduced by circumstances beyond the control of the county board of commissioners, application may be made for funds available under these parts to replace the existing funds which have been eliminated or reduced, provided that specific documentation of the elimination or reduction in fiscal support accompanies the application.

Subp. 6. **Other prohibited uses.** State funds available under these parts shall not be used for construction, renovation, or rent of buildings, nor shall they be used for the purchase or lease of equipment or vehicles. Local matching funds, once identified and committed, may be used for these purposes and will be counted as administrative overhead.

Statutory Authority: *MS s 256E.12*

9535.1000 ADMINISTRATIVE OVERHEAD.

Up to a maximum of ten percent of the total project budget may be used for administrative overhead in a currently operating project. In situations where services are being developed, the maximum allowed for administrative overhead shall be 25 percent of the total project budget for the duration of the first project grant.

Statutory Authority: *MS s 256E.12*

9535.1100 LOCAL MATCH.

The local match or ten percent of the total budget of the project shall consist of funds committed to the project. The fee income, if any, may be counted as part of the local matching share.

Statutory Authority: *MS s 256E.12*

9535.1200 MAINTENANCE OF FINANCIAL STATEMENTS.

Grant recipients shall maintain their financial records, using generally accepted accounting procedures, in such a way that expenditures can be easily compared with the approved budgets; that the state and local contributions can be readily and separately identified; and that documentation is available for all expenditures.

Statutory Authority: *MS s 256E.12*

9535.1300 BUDGET REVISION PROCEDURES.

After a grant award is made, as long as state funds are used for allowable expenses as defined by these parts, budget revisions, including transfer between approved projects, and/or line item transfers totaling up to ten percent of the project budget may be made with county board approval. Revisions in excess of ten percent require both county board and department approval.

The county board may delegate its approval of budget revisions, if such delegation is specified in county board minutes.

All requests for budget revision approval shall include the reason for the revision and a statement as to how the revision will affect program objectives.

Approval for budget revisions and line item transfers shall not be granted unless such revisions or transfers are consistent with the provisions of parts 9535.0100 to 9535.1600.

Statutory Authority: *MS s 256E.12*

9535.1400 REPORTING REQUIREMENTS.

The commissioner is required by Minnesota Statutes, section 256E.12 to collect data and periodic reports as is deemed necessary to demonstrate the effectiveness of the services. Therefore, the commissioner shall require that those county boards of commissioners receiving funds under these parts report to the department the number and kinds of persons served, the cost of providing the services, results achieved, and other relevant data deemed necessary. This information, along with an evaluation from the county board of commissioners, will be used as the basis for an evaluation by the commissioner of the specific projects in his report to the legislature.

Statutory Authority: *MS s 256E.12*

9535.1500 DURATION OF AWARDS.

Awards to applicant counties that are not assigned to a specific project within 60 calendar days of the awarding of the funds shall revert to the department for reallocation.

Statutory Authority: *MS s 256E.12*

MINNESOTA RULES 1983

7359

GRANTS FOR PROGRAMS FOR MENTALLY ILL 9535.2200

9535.1600 OTHER APPLICABLE LAWS AND RULES.

To the extent that a project funded under parts 9535.0100 to 9535.1600 is also subject to other Minnesota laws and rules, it must also meet the standards of those laws and rules.

If a determination is made that all applicable laws and rules cannot be met immediately, but that the applicant county has a definite, reasonable timetable to meet all necessary requirements within four months, the application shall be considered for funding.

Statutory Authority: *MS s 256E.12*

RESIDENTIAL SERVICES FOR ADULT MENTALLY ILL PERSONS

9535.2000 SCOPE AND PURPOSE.

Parts 9535.2000 to 9535.3000 apply to county boards that apply individually or jointly to the commissioner of public welfare for a grant under Minnesota Statutes, section 245.73. These grants are for eligible expenditures to be incurred by the county, by an eligible residential facility with which the county board contracts, or by a public or private organization or a combination of public and private organizations with which the eligible residential facility contracts.

Statutory Authority: *MS s 245.73*

9535.2100 DEFINITIONS.

Subpart 1. **Scope.** The terms used in parts 9535.2000 to 9535.3000 have the meanings given them in subparts 2 to 5.

Subp. 2. **Adult.** "Adult" means a person who is 18 years old or older.

Subp. 3. **Commissioner.** "Commissioner" means the commissioner of public welfare or a designated representative.

Subp. 4. **County board.** "County board" means the county board of commissioners or a designated representative.

Subp. 5. **Mentally ill person.** "Mentally ill person" means a person who has been diagnosed by a physician, a licensed psychologist, or a licensed consulting psychologist as having a condition:

A. which results in an inability to interpret the environment realistically and in impaired functioning in primary aspects of daily living, such as personal relations, living arrangements, work, and recreation; or

B. which is listed in the code range 290, 293-302.9 or 306-314.9 of the International Classification of Diseases, (ICD-9-CM) issued by the National Center for Health Statistics (Ann Arbor, Michigan: Edwards Brothers, 1978) or in the corresponding code on Axes I, II, or III in the Diagnostic and Statistical Manual of Mental Disorders, (DSM-III) issued by the American Psychiatric Association (Washington, D.C., 1980).

Statutory Authority: *MS s 245.73*

9535.2200 ALLOCATION OF GRANTS.

Subpart 1. **Deadlines for applications.** The commissioner shall set the deadlines for grant applications made under Minnesota Statutes, section 245.73. The commissioner shall inform county boards of the deadlines. If the commissioner establishes more than one review cycle, the term "deadline for applications" as used in subpart 2, items C to E shall mean the deadline for the cycle in which application is made.

Subp. 2. **Priorities.** In response to applications and budgets that meet the requirements of parts 9535.2300 and 9535.2400, the commissioner shall allocate grants to county boards for specific eligible facilities. If the appropriation is not sufficient to fund all applications, the commissioner shall use the following order of descending priorities:

MINNESOTA RULES 1983

9535.2200 GRANTS FOR PROGRAMS FOR MENTALLY ILL

7360

A. facilities previously funded under Minnesota Statutes, section 245.73, unless otherwise indicated by law;

B. facilities operating on July 1, 1980;

C. facilities operating at the deadline for applications;

D. new facilities opening after the deadline for applications and planning to provide a Category I program, as defined in parts 9520.0500 to 9520.0690;

E. new facilities opening after the deadline for applications and planning to provide a Category II program, as defined in parts 9520.0500 to 9520.0690;

Subp. 3. **First consideration.** In each priority, for the biennium ending June 30, 1983, the commissioner shall give first consideration to facilities within the Rochester State Hospital catchment area counties of Dakota, Dodge, Fillmore, Freeborn, Goodhue, Houston, Mower, Olmsted, Rice, Steele, Wabasha, and Winona.

Subp. 4. **More than one facility in a priority.** If two or more eligible facilities fall within the same priority and if the appropriation is not sufficient to fund all facilities within that priority, the commissioner shall allocate grants for those facilities which he or she deems most appropriate within the statewide continuum of care for adult mentally ill persons.

Subp. 5. **Eligible facilities.** The commissioner shall limit grants to facilities that can show that they will:

A. submit a completed application for a license under parts 9520.0500 to 9520.0690 within three months of the effective date of the grant award;

B. attain at least a provisional license under parts 9520.0500 to 9520.0690 within six months of the effective date of the grant award; and

C. maintain the license for the remainder of the grant period.

Subp. 6. **Approval of applications and budgets.** The commissioner shall base his or her approval of applications and budgets on the applications' and budgets' compliance with Minnesota Statutes, section 245.73 and parts 9535.2000 to 9535.3000 and on the availability of funds within the allocation priorities in subparts 2 to 4.

Subp. 7. **Compliance with other rules and laws.** To the extent that the county board, its contracting facilities, and subcontractors are also subject to other laws and rules, they shall also meet the standards of those laws and rules to be eligible for a grant under Minnesota Statutes, section 245.73.

Statutory Authority: *MS s 245.73*

9535.2300 APPLICATION CRITERIA.

In order to qualify for a grant under Minnesota Statutes, section 245.73, the county board shall submit to the commissioner six completed copies of the application and budget. The county board shall complete a separately identifiable application for each facility for which a grant is requested. The application must at least:

A. describe the persons to be served under the grant;

B. state the measureable time-specified objectives to be accomplished with the grant (these objectives must comply with part 9535.2200, subpart 5);

C. explain how the requirements of parts 9520.0500 to 9520.0690 will be complied with;

D. explain how the proposed services will fit into the local continuum of care;

E. name the proposed sites and providers to be used;

F. explain how alternative service and funding resources, including public school community education programs, will be used to the maximum extent possible in meeting the requirements of parts 9520.0500 to 9520.0690;

MINNESOTA RULES 1983

7361

GRANTS FOR PROGRAMS FOR MENTALLY ILL 9535.2400

G. explain how the county board will determine the effectiveness of the services in helping adult mentally ill persons remain and function in their own communities; and

H. briefly describe the evaluation results to date for facilities previously funded under Minnesota Statutes, section 245.73.

Statutory Authority: *MS s 245.73*

9535.2400 BUDGETS.

Subpart 1. Income and expenditures. A budget must accompany each application for a grant under Minnesota Statutes, section 245.73 and must be completed on budget forms provided by the commissioner. For each facility for which a grant is requested a separate budget must be submitted showing the total projected income and expenditures for that facility. Except for depreciation, the budget must represent projected cash transactions by the county, the facility, and the subcontractors. Straight-line depreciation, calculated according to generally accepted accounting principles, may be included if the purchase of the item being depreciated is not included as an expenditure in the budget for the current period or for any other budget periods.

Subp. 2. Separate expenditure categories. Each budget must separate expenditures according to the following categories, as further defined in subparts 3 to 6:

- A. room and board and previously funded program costs;
- B. new program costs separated into new direct service costs and other new program costs; and
- C. other costs including program costs for residents who are not adult, not mentally ill, or not Minnesota residents as defined by Minnesota Statutes, section 256E.08, subdivision 7.

Subp. 3. Room and board costs. Room and board costs must include the following costs:

- A. all directly identifiable costs of normal and special diet food preparation and service;
- B. all directly identifiable costs of linen, bedding, laundering, and laundry supplies;
- C. all directly identifiable costs of housekeeping, including cleaning and lavatory supplies;
- D. all directly identifiable costs for maintenance and operation of the building and grounds, including fuel, electricity, water, supplies, and parts and tools to repair and maintain equipment and facilities; and
- E. a reasonable allocation of salaries and other costs related to items A to D.

However, costs which are new since June 1, 1981, and which are required by parts 9520.0500 to 9520.0690 are other new program costs and are not room and board costs.

Subp. 4. Previously funded program costs. Previously funded program costs must include costs for any services provided before June 1, 1981, at least at the level of funding used for those services during May 1981.

Subp. 5. New direct service costs. Within the limits in part 9535.2600, subpart 1, new direct service costs are the only costs which may be paid with state funds under Minnesota Statutes, section 245.73. New direct service costs may include the following if the costs are required by parts 9520.0500 to 9520.0690 and if the costs are new since June 1, 1981:

- A. salaries and related expenses including payroll taxes, health insurance, retirement contributions, telephone, personal liability insurance, postage, recruitment, staff training, and in-state travel of personnel providing services directly to adult mentally ill residents. Support personnel are included

MINNESOTA RULES 1983

9535.2400 GRANTS FOR PROGRAMS FOR MENTALLY ILL

7362

to the extent they perform client related duties such as client record keeping, individual program planning, and on-site program supervision;

B. consumable supplies used by the personnel described in item A in performing client related duties and by clients in carrying out program activities; and

C. minor expenditures which are shown by the county board to be essential for the facility to meet requirements of parts 9520.0500 to 9520.0690, and which cannot be paid for from local matching funds.

Subp. 6. Other new program costs. Other new program costs must include all new program costs other than those already included in new direct service costs. These costs must include, but not be limited to, the costs of renovation, construction or rent of buildings, and purchase or lease of vehicles or equipment, if these costs are new since June 1, 1981, and are required by parts 9520.0500 to 9520.0690. These costs may be paid for with local matching funds, but may not be paid for with state funds provided under Minnesota Statutes, section 245.73.

Subp. 7. Cost allocation. The application shall include an explanation of the allocation of indirect costs to the various budget categories.

Subp. 8. Elimination or reduction in funds by state or federal government. If there has been a state or federal decision to reduce the previous level of funding for an existing program, expenditures which would otherwise be included under previously funded program costs may be included under new direct service costs or other new program costs. An application must include documentation of the elimination or reduction in funds by the state or federal government. If the previous funding was from a block grant type of funding source, the percentage reduction used for this exception must not exceed the average percentage reduction for all other services funded by the applicant county board from that funding source.

Subp. 9. Limits on dollar amounts for items. The dollar amounts for the various items included in the budget must not exceed the prevailing cost of like items in the local county and the costs that prudent and cost-conscious management would pay for a given item or service.

Subp. 10. Time frame for budget. The budget shall relate to a time period set by the county board within the time limits set by the appropriation.

Subp. 11. Client-days. The budget shall include the projected number of client-days of service per facility and the projected cost per client per day.

Statutory Authority: *MS s 245.73*

9535.2500 LINES OF ACCOUNTABILITY AND FLOW OF FUNDS.

Subpart 1. Payments to county board. The county board shall be the primary local entity responsible to the commissioner for use of all funds paid to it under Minnesota Statutes, section 245.73. The commissioner shall pay funds under Minnesota Statutes, section 245.73 solely to county boards submitting an application and budget approved under part 9535.2200, subpart 5. Payments shall be in the form of an initial advance, with subsequent quarterly payments contingent upon receipt of a completed quarterly financial report from the county board on forms provided by the commissioner. If actual expenditures by the county, its contracting facilities, and subcontractors are less than provided in the approved budget, the commissioner shall reduce the quarterly payments so that the grant remains within the limits in part 9535.2600, subpart 1.

Subp. 2. Local review of applications. If a county board elects to apply for a grant under Minnesota Statutes, section 245.73, then before submission of the application and budget to the commissioner, the county board shall determine which facilities shall be included in the application and budget, and shall review and approve the completed application and budget.

MINNESOTA RULES 1983

7363

GRANTS FOR PROGRAMS FOR MENTALLY ILL 9535.2600

Subp. 3. Payment to residential facility. Payment from the county board to the residential facility must be based on a contract between the county board and the facility. If this contract and the requirements of parts 9535.2000 to 9535.3000 are complied with, the county board shall, except as provided in subpart 6, item B, pay to the facility all funds received by the county board for that facility. The county board shall determine the method of payment to the facility.

Subp. 4. County board and facility contract. The contract between the county board and the facility must specify how the county board will monitor the facility's compliance with parts 9535.2000 to 9535.3000 and how the county board and the facility will monitor the subcontractors' compliance with parts 9535.2000 to 9535.3000.

Subp. 5. Joint applications for grant. If two or more county boards apply jointly for a grant, they shall designate a host county board that will carry out the responsibilities in subparts 1, 3, and 4. The assignment of these responsibilities must be agreed to in a contract between the host county board and the other counties.

Subp. 6. Other service providers. If funds under Minnesota Statutes, section 245.73 are to be used by a service provider other than the contracting facility in subpart 3, then:

A. the amount and planned use of those funds must be identified in the application and budget for the facility whose residents will receive the service; and

B. payments to the service provider must be based on a subcontract between the facility and the service provider. This subcontract must include an agreement by the service provider to comply with parts 9535.2000 to 9535.3000. If the county board and the facility agree, payments may be made directly from the county board to the service provider.

Statutory Authority: *MS s 245.73*

9535.2600 STATE AND LOCAL SHARES.

Subpart 1. Amount of grant. After approval of an application and budget, the commissioner shall award a grant equal to the lesser of 75 percent of the new program costs as defined in part 9535.2400, subpart 2, item B; or the new direct service costs, as defined in part 9535.2400, subpart 5.

Subp. 2. Varying percentages of funds for more than one facility. A county board that applies for a grant for more than one facility may request varying percentages of state and local funds for each facility. The commissioner shall approve the request if the total request for all facilities for that county complies with subpart 1 and if state funds are used only for new direct service costs.

Subp. 3. Amounts specified for each facility. The commissioner's award shall specify the amounts awarded for each facility.

Subp. 4. Other income. If the county board, the facility, or the subcontractor receives any income other than county funds as a reimbursement for costs also funded through state or local matching funds under Minnesota Statutes, section 245.73, then:

A. except as provided in item C, the commissioner shall consider this income to be applied first to the local share;

B. if the income exceeds the local share of the approved new program costs, the commissioner shall reduce the state grant by whatever amount the income exceeds the local share; and

C. if the income is from state grants under parts 9535.0200 to 9535.1600, the commissioner shall reduce the state grant under Minnesota Statutes, section 245.73. The amount of the reduction shall equal the amount by

MINNESOTA RULES 1983

9535.2600 GRANTS FOR PROGRAMS FOR MENTALLY ILL

7364

which the other state grants are paying for costs which are also funded by state or local matching funds under Minnesota Statutes, section 245.73.

Statutory Authority: *MS s 245.73*

9535.2700 REPORTING AND MAINTENANCE OF RECORDS.

Subpart 1. **Purpose.** The county board, its contracting facilities, and subcontractors shall maintain records to document compliance with parts 9535.2000 to 9535.3000 and with the objectives in the approved application.

Subp. 2. **Reporting forms.** The county board shall use forms provided by the commissioner to report the use of funds under Minnesota Statutes, section 245.73, including the number and kinds of persons served, the cost of providing each service, results achieved, and other data deemed necessary by the commissioner. Wherever possible the commissioner shall use the same data which is required for reporting under parts 9520.0500 to 9520.0690 and under the Community Social Services Act, Minnesota Statutes, chapter 256E. The commissioner shall use these reports and the evaluation from the county board to develop the report to the legislature required by Minnesota Statutes, section 245.73.

Subp. 3. **Financial records.** The county board, its contracting facilities, and subcontractors shall maintain financial records, using generally accepted accounting principles, in a way so that expenditures can be easily compared with the approved budget, that all sources of income can be readily identified, and that documentation is available for all expenditures.

Subp. 4. **Availability for audit inspection.** The county board, its contracting facilities, and subcontractors shall make available for audit inspection all records required by parts 9535.2000 to 9535.3000, upon request by the commissioner.

Subp. 5. **Minimum retention period.** Unless an audit in process requires a longer retention period, the county board, its contracting facilities, and subcontractors shall use the following schedule in retaining a copy of all records required by parts 9535.2000 to 9535.3000:

- A. summary reports relating to the facility, at least ten years;
- B. records of specific payments made and income received, at least ten years; and
- C. all other records, at least four years.

Statutory Authority: *MS s 245.73*

9535.2800 REVISION PROCEDURES FOR APPROVED BUDGETS AND OBJECTIVES.

Subpart 1. **Definitions.** The terms "approved new program costs" and "approved objectives," as used in subparts 2, item A, and 3, mean those new program costs and objectives contained in an application for a grant approved by the commissioner under part 9535.2200, subpart 6.

Subp. 2. **Budget revision.** After a grant award is made and as long as state funds are used for eligible expenditures under parts 9535.2000 to 9535.3000, budget revisions, including transfers between approved facilities within a county, may be made under the following conditions:

A. Revisions totaling up to ten percent of a facility's approved new program costs may be made with county board approval only. Revisions totaling in excess of that amount require both county board and commissioner's approval.

B. All requests for budget revision approval must include the reason for the revision and a statement as to how the revision will affect program objectives.

MINNESOTA RULES 1983

7365

GRANTS FOR PROGRAMS FOR MENTALLY ILL 9535.2900

Subp. 3. **Revision of objectives.** Approved objectives may be revised under the following conditions:

A. When a facility becomes aware that it will not be able to attain or maintain licensure as required by part 9535.2200, subpart 5, it shall immediately notify the county board and the commissioner. The facility and the county board shall either:

(1) immediately repay to the commissioner the remainder of the grant; or

(2) obtain approval from the commissioner to meet the required objectives at a later date.

B. The commissioner shall grant the approval required under item A, subitem 2 if, in the commissioner's judgment:

(1) the failure to meet the required objectives is due to circumstances beyond the control of the facility and the county board; and

(2) the facility submits a realistic, time-specified plan which includes revised objectives to attain licensure under parts 9520.0500 to 9520.0690 as soon as possible, but no later than 12 months from the effective date of the grant award.

C. The facility shall request county board and commissioner's approval at least 20 days prior to: a change in licensed capacity, a move to another location, or a major change in programming, such as a change in the target population or a shift from internal to external provision of services.

D. The facility shall consult with the commissioner prior to hiring or changing the program director, to assure compliance with the qualifications in parts 9520.0500 to 9520.0690.

E. The facility shall notify the county board and the commissioner prior to a change in ownership.

F. The facility may revise objectives other than those relating to items in subpart 3, items A to C without the commissioner's approval, as long as the revised objectives do not conflict with parts 9535.2000 to 9535.3000.

Subp. 4. **Delegation of county board approval.** The county board may delegate its approval of budget and objective revisions if the delegation is specified in the county board minutes.

Subp. 5. **Commissioner's approval.** The commissioner shall not grant approval for revisions unless the revisions are consistent with parts 9535.2000 to 9535.3000.

Statutory Authority: *MS s 245.73*

9535.2900 TERMINATION OR RETURN OF GRANT.

Subpart 1. **Funds not needed.** If the commissioner determines that funds are not needed to implement the approved application, and if the county board agrees the funds are not needed, then the county board shall return the unneeded portion of the grant immediately.

Subp. 2. **Funds not properly used.** If the commissioner determines that funds are not being used according to the approved application and budget, all or part of the grant may be terminated upon 30 days notice to the affected county board with a copy to the affected facility. The commissioner may require repayment of any funds not used according to the approved application and budget. If the commissioner receives a written appeal from the county board within the 30-day period, opportunity for a hearing pursuant to the Administrative Procedure Act, Minnesota Statutes, chapter 14, shall be provided before the grant is terminated or is required to be repaid. The 30-day period shall begin upon the county board's receipt of the commissioner's notice by certified mail.

MINNESOTA RULES 1983

9535.2900 GRANTS FOR PROGRAMS FOR MENTALLY ILL

7366

Subp. 3. Use of returned funds. The commissioner may use the funds returned under subpart 1 or 2 to make new awards for other applications and budgets approved under part 9535.2200, subpart 6.

Subp. 4. Delayed payments. If the commissioner's grant award letter states that a grant payment is contingent upon compliance with specific conditions required by parts 9535.2000 to 9535.3000; and if the affected county board, its contracting facilities, or subcontractors fail to meet the conditions, the commissioner may delay the grant payment until the conditions are met or until the conditions are revised through the process in part 9535.2800. The commissioner shall not delay the payment longer than three months unless he or she first issues a grant termination notice pursuant to subpart 2. After this notice is issued, the commissioner may continue to delay the payment until completion of the hearing provided in subpart 2.

Statutory Authority: *MS s 245.73*

9535.3000 SEVERABILITY.

If a paragraph or clause of a rule is declared void, the paragraph or clause is severable without effect to the other paragraphs or clauses in the rule.

Statutory Authority: *MS s 245.73*