

CHAPTER 9535
DEPARTMENT OF HUMAN SERVICES
PROGRAM GRANTS; MENTALLY ILL PERSONS

COMMUNITY SUPPORT SERVICES FOR CHRONICALLY MENTALLY ILL PERSONS	RESIDENTIAL SERVICES FOR ADULT MENTALLY ILL PERSONS
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**COMMUNITY SUPPORT SERVICES FOR CHRONICALLY MENTALLY ILL
PERSONS**

- 9535.0100 [Repealed, 17 SR 922]
9535.0200 [Repealed, 17 SR 922]
9535.0300 [Repealed, 17 SR 922]
9535.0400 [Repealed, 17 SR 922]
9535.0500 [Repealed, 17 SR 922]
9535.0600 [Repealed, 17 SR 922]
9535.0700 [Repealed, 17 SR 922]
9535.0800 [Repealed, 17 SR 922]
9535.0900 [Repealed, 17 SR 922]
9535.1000 [Repealed, 17 SR 922]
9535.1100 [Repealed, 17 SR 922]
9535.1200 [Repealed, 17 SR 922]
9535.1300 [Repealed, 17 SR 922]
9535.1400 [Repealed, 17 SR 922]
9535.1500 [Repealed, 17 SR 922]
9535.1600 [Repealed, 17 SR 922]
9535.1700 PURPOSE.

Parts 9535.1700 to 9535.1760 establish standards for the receipt and distribution of state grants allocated under Minnesota Statutes, section 245.4886, to assist county boards in the delivery of children's community-based mental health services, and under Minnesota Statutes, section 256E.12, to assist county boards in the delivery of adult community support and case management services.

Use of state grants must be in accordance with Minnesota Statutes, sections 245.4886 and 256E.12.

Statutory Authority: *MS s 245.484; 245.4886; 256E.12*

History: *17 SR 922*

9535.1705 DEFINITIONS.

Subpart 1. **Scope.** Unless otherwise defined in this part, the terms used in parts 9535.1700 to 9535.1760 have the meanings given them in Minnesota Statutes, sections 245.462 and 245.4871. For the purposes of parts 9535.1700 to 9535.1760, the terms defined in subparts 2 to 4 have the meanings given them.

Subp. 2. **Children's community-based mental health services.** "Children's community-based mental health services" means the services listed in Minnesota Statutes, section 245.4886, subdivision 1.

Subp. 3. **County funds.** "County funds" means funds available to a county through county levies, state block grants under Minnesota Statutes, section 256E.06, federal block grants under Minnesota Statutes, section 256E.07, family preservation grants under Minnesota Statutes, section 256F.05, and state revenues distributed in lieu of property taxes or other revenue sharing.

Subp. 4. **Grant period.** "Grant period" means the time period in the grant application approved by the commissioner.

Statutory Authority: *MS s 245.484; 245.4886; 256E.12*

History: *17 SR 922*

9535.1710 ELIGIBILITY TO RECEIVE GRANT.

Only county boards that submit and obtain the commissioner's approval for the grant application as required under parts 9535.1700 to 9535.1760 are eligible to receive grants under parts 9535.1700 to 9535.1760.

Statutory Authority: *MS s 245.484; 245.4886; 256E.12*

History: *17 SR 922*

9535.1715 GRANT APPLICATION.

Subpart 1. **Application for grants.** A county board or two or more county boards jointly applying for a grant under part 9535.1710 shall submit to the commissioner a grant application that includes budget information for the use of the grant funds. The grant application must be completed in the manner prescribed on forms provided by the commissioner. Beginning with calendar years 1994 and 1995, the grant application must be part of the county board's biennial community social services plan, except that any grant application for a special project under part 9535.1730 need not be included in the county board's biennial community social services plan.

Subp. 2. **County board signature or copy of approving resolution.** As evidence of the county board's approval, the grant application submitted to the commissioner by the county board must be:

- A. signed by the chair of the county board; or
- B. accompanied by a copy of the county board resolution approving the submission.

If two or more county boards jointly apply for a grant, the chair of each county board participating in the joint application shall either sign the grant application or submit a copy of the county board's resolution approving the submission.

Statutory Authority: *MS s 245.484; 245.4886; 256E.12*

History: *17 SR 922*

9535.1720 FUNDING CRITERIA.

The commissioner shall distribute grants to county boards whose grant applications meet the criteria in items A to E.

A. The grant application must be consistent with the respective mental health component of the county's community social services plan required by Minnesota Statutes, section 256E.09, that is approved by the commissioner.

B. For grants to provide children's community-based mental health services, the grant application must describe how the county board is collaborating or will collaborate in the development, funding, and delivery of children's community-based mental health services with other agencies in the local system of care.

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C. The grant application must comply with parts 9535.1700 to 9535.1760 and with Minnesota Statutes, sections 245.461 to 245.4888.

D. In the grant application submitted to the commissioner according to part 9535.1715, the county board shall agree that:

(1) it considered the advice of the local adult or children's mental health advisory council, or the adult or children's mental health subcommittee of the existing local mental health advisory council when developing the grant application;

(2) it will consider the advice of the local adult or children's mental health advisory council, or the adult or children's mental health subcommittee of the existing local mental health advisory council if the grant application is amended;

(3) services will be provided in accordance with the needs identified in each client's individual or family community support plan;

(4) where available, the following will be used instead of grant funds under parts 9535.1700 to 9535.1760:

(a) medical assistance, under Minnesota Statutes, section 256B.0625;

(b) general assistance medical care, under Minnesota Statutes, section 256D.03;

(c) the children's health plan, under Minnesota Statutes, section 256.936;

(d) the MinnesotaCare plan, under Minnesota Statutes, section 256.936;

(e) private insurance and other third-party payors;

(f) client fees, under Minnesota Statutes, section 245.481; and

(g) other funds; and

(5) the cost per unit of service as determined by the commissioner will be comparable to the cost of similar services in the same or similar local trade area. "Local trade area" has the meaning given it in part 9505.0175, subpart 22.

E. The grant application must state that grant funds will only be used for:

(1) the services specified in Minnesota Statutes, section 245.4886, and as defined in Minnesota Statutes, section 245.4871; or

(2) the services specified in Minnesota Statutes, section 256E.12, and as defined in Minnesota Statutes, section 245.462; and

(3) other services that:

(a) have minor costs;

(b) are essential for the provision of services specified in Minnesota Statutes, section 245.4886 or 256E.12;

(c) cannot be paid for from the funds listed in item D, subitem (4); and

(d) are approved by the commissioner.

If the commissioner determines that a grant application merits funding but does not meet the criteria in parts 9535.1700 to 9535.1760, the commissioner shall specify the conditions the grant application must meet in order to receive the grant.

Statutory Authority: *MS s 245.484; 245.4886; 256E.12*

History: *17 SR 922; L 1993 c 247 art 4 s 11*

9535.1725 DISTRIBUTION FORMULA.

At or before the beginning of the grant period, the commissioner shall use the formulas in items A to F to distribute grants under parts 9535.1700 to 9535.1760 to county boards whose grant applications meet the requirements in parts 9535.1700 to 9535.1760.

A. Within the limits of the appropriations under Minnesota Statutes, section 245.4886 or 256E.12, the commissioner shall allocate to each county board whose grant application is approved under part 9535.1720, the greater of the following:

(1) an annual allocation equal to the county's allocation for the preceding year, excluding any supplemental funds reallocated from other counties, plus a cost of living increase based on the legislative appropriation for that purpose;

(2) at least \$22,000 annually for children with severe emotional disturbance, or at least \$41,000 annually for adults with serious and persistent mental illness; or

(3) \$2.25 per capita for children with severe emotional disturbance, or \$2.10 per capita for adults with serious and persistent mental illness. Per capita must be based on the respective county adult or child population as determined by the most recent data of the state demographer.

B. The amount under item A, subitem (1), does not include special project funds under part 9535.1730 unless the commissioner determines a special project is more appropriately funded as part of the ongoing allocation under this part.

C. The commissioner shall increase the amounts in item A, subitems (2) and (3), to the extent funds are available, to enable more services to be provided as required by Minnesota Statutes, sections 245.461 to 245.4888.

D. If the appropriations under this part are decreased from the appropriations for the preceding year, then the per-county allocations in item A must be decreased in the same proportion as the decrease in the appropriation and must not be adjusted to reflect new data of the state demographer.

E. If the appropriations under this part remain the same as the appropriations in the preceding year, the per-county allocations in item A must be the same as those in the preceding year and must not be adjusted to reflect new data of the state demographer.

F. Two or more county boards that apply jointly for a grant shall receive a multi-county grant equal to the sum of the individual county board allocations in items A to E. Actual utilization of grants by each participating county board may be different from the individual county board allocation in items A to E if the county boards demonstrate to the commissioner that the differences are based on differing service needs of each county.

Statutory Authority: *MS s 245.484; 245.4886; 256E.12*

History: *17 SR 922*

9535.1730 FUNDING SPECIAL PROJECTS.

In addition to grants distributed under part 9535.1725, a county board may apply to the commissioner for grants for special projects designed to help children with severe emotional disturbance to function and remain with their families in the community and to help adults with serious and persistent mental illness to function and remain in the community. Special projects must provide at least one of the services under Minnesota Statutes, section 245.4886, subdivision 1, or 256E.12, subdivision 1, unless the legislature enacts appropriations under Minnesota Statutes, section 245.4886 or 256E.12, for a different service.

Within the limits of appropriations available, the commissioner may award grants to county boards for special projects the commissioner believes will help children with severe emotional disturbance to function and remain with their families in the community and will help adults with serious and persistent mental illness to function and remain in the community.

Statutory Authority: *MS s 245.484; 245.4886; 256E.12*

History: *17 SR 922*

9535.1735 BUDGET REQUIREMENTS.

Subpart 1. **Estimated budget required.** When applying for a grant, the county board shall submit to the commissioner a budget covering all children's community-based mental health services or all adult community support and case management services to be provided by the county board, its contracting service providers, and any subcontracting service providers.

Additionally, the county board's budget must show the total projected revenue from the following sources:

- A. grant funds under parts 9535.1700 to 9535.1760;
- B. county funds;
- C. medical assistance;
- D. general assistance medical care;

- E. client fees;
- F. private insurance and other third-party payors;
- G. other public agencies, including schools, colleges, health departments, and corrections;
- H. other sources;
- I. the children's health plan, under Minnesota Statutes, section 256.936; and
- J. the MinnesotaCare plan, under Minnesota Statutes, section 256.936.

Subp. 2. Submittal of contracting service provider budgets. The county board shall submit to the commissioner the name, budgeted expenditures, budgeted revenues, and a list of services provided by the county board's contracting service providers or subcontracting service providers.

Subp. 3. Provider contracts and subcontracts. All contracts for services between a county board and a service provider, and all contracts for services between a contracting service provider and a subcontracting service provider must be in accordance with parts 9550.0010 to 9550.0092, governing the administration of community social services, and parts 9535.1700 to 9535.1760.

Subp. 4. Joint applications. When two or more county boards apply jointly for grants, they shall designate which county board will:

- A. act as the host county to receive the grant; and
- B. designate a contact person.

County boards applying jointly shall agree by resolution on the assignment of responsibilities in parts 9535.1700 to 9535.1760.

Subp. 5. Matching funds required for grants for adult community support and case management services. When applying for a grant for adult community support and case management services, the county board shall provide matching funds of at least ten percent of the budget estimated under subpart 1. For purposes of this subpart, "matching funds" means the revenue from the sources listed in subpart 1, items B to H.

Statutory Authority: *MS s 245.484; 245.4886; 256E.12*

History: *17 SR 922; L 1993 c 247 art 4 s 11*

9535.1740 PAYMENT TO COUNTY BOARD.

Subpart 1. Fiscal reports. The commissioner shall specify requirements for fiscal reporting under Minnesota Statutes, section 256.01, subdivision 2, clause (17).

Additionally, if the commissioner requests, the county board shall submit, by service provider, a year-end summary of the total expenditures and the total revenues by revenue sources listed in part 9535.1735, subpart 1.

Subp. 2. Grant payments. The commissioner shall make quarterly grant payments under this part to a county board whose grant application is approved under parts 9535.1710 to 9535.1760. The commissioner shall make an initial advance in an amount sufficient to cover the time period from the beginning of the grant period to the next scheduled payment. The commissioner shall make subsequent quarterly grant payments on a reimbursement basis for actual expenditures reported by a county board to the commissioner. The commissioner shall adjust the quarterly grant payments for anticipated spending patterns and additional income according to subpart 3.

Total payments for a grant period must not exceed the lesser of the following, made according to a budget approved under parts 9535.1710 to 9535.1760:

- A. the grant award;
- B. 90 percent of actual expenditures under Minnesota Statutes, section 256.12; or
- C. 100 percent of actual expenditures under Minnesota Statutes, section 245.4886.

Subp. 3. Disposition of additional income. If a county board, its contracting service providers, or subcontracting service providers receive revenue for the services specified in the grant application approved by the commissioner exceeding the amount of revenue estimated in the budget, the county board shall:

A. use the additional income to provide additional children's community-based mental health services, or adult community support and case management services within the grant period in which the additional income is received;

B. use the additional income in place of the county board funds committed to services in the county board's approved budget, if the county board's total mental health expenditure, after the reduction in county funds, complies with the maintenance of effort provisions in Minnesota Statutes, section 245.48; or

C. notify the commissioner on an annual basis of the amount of actual excess revenue and request the commissioner to authorize the transfer of some or all of these excess funds to the subsequent grant period. The commissioner shall authorize the transfer or adjust the subsequent payment by an amount equal to the excess revenue.

Statutory Authority: *MS s 245.484; 245.4886; 256E.12*

History: *17 SR 922*

9535.1745 TERMINATION AND REPAYMENT OF FUNDS.

If the commissioner determines that state grants for services allocated to the county board under Minnesota Statutes, section 245.4886 or 256E.12, are not being used as specified in a county board's approved grant application, the commissioner may terminate all or part of the grant funds and may require repayment according to Minnesota Statutes, section 245.483.

Statutory Authority: *MS s 245.484; 245.4886; 256E.12*

History: *17 SR 922*

9535.1750 REALLOCATION OF GRANT FUNDS.

The commissioner may reallocate returned or unused grant funds to other eligible county boards as a supplemental allocation under parts 9535.1700 to 9535.1760, or for special projects under part 9535.1730. For purposes of this part, "unused grant funds" means:

- A. grant funds not awarded to a county board; or
- B. grant funds awarded to a county board but not used.

Statutory Authority: *MS s 245.484; 245.4886; 256E.12*

History: *17 SR 922*

9535.1755 BUDGET AMENDMENTS.

A county board that finds it necessary to amend the budget approved by the commissioner shall follow the procedures for amending the adult mental health component of a county's community social services plan under Minnesota Statutes, section 245.478, subdivision 9, or the children's mental health component of a county's community social services plan under Minnesota Statutes, section 245.4888, subdivision 9. The commissioner shall give approval if a county board demonstrates a need to change the services funded under Minnesota Statutes, section 245.4886 or 256E.12, based on an assessment of unmet needs of children with severe emotional disturbance and their families or adults with serious and persistent mental illness, and if all the requirements of Minnesota Statutes, sections 245.461 to 245.4888, and 256E.081 are met.

Statutory Authority: *MS s 245.484; 245.4886; 256E.12*

History: *17 SR 922*

9535.1760 RECORDS.

Subpart 1. Maintenance of financial records. The county board, its contracting service providers, and any subcontracting service providers shall maintain financial records using generally accepted accounting principles so that:

- A. expenditures for services funded under parts 9535.1700 to 9535.1760 can be easily compared to the county board's approved budget for those services;
- B. all sources of income can be readily identified; and
- C. documentation is available for all expenditures.

Budget records must include copies of all fiscal reports submitted to meet state or federal requirements.

Subp. 2. Maintenance of service records and required reporting. The county board, its contracting service providers, and any subcontracting service providers shall maintain

data specified by the commissioner on services funded under parts 9535.1700 to 9535.1760, so the commissioner can determine the effectiveness of the services in achieving the purpose specified under Minnesota Statutes, sections 245.461 to 245.4888.

The county board must submit periodic reports in the manner prescribed and on forms provided by the commissioner.

Subp. 3. Availability and access. The county board, its contracting service providers, and any subcontracting service providers shall upon request make all budget, expenditure, and service records pertaining to the provision of services funded under parts 9535.1700 to 9535.1760 available to the commissioner for audit purposes.

The commissioner shall be given access without prior notice to the physical plant and grounds of contracting service providers and subcontracting service providers and to documents and information relevant to services funded under parts 9535.1700 to 9535.1760. The commissioner shall be given access whenever the commissioner deems necessary. The requirements of Minnesota Statutes, chapter 13, pertaining to government data practices must be followed.

Additionally, the county board, its contracting service providers, and any subcontracting service providers shall allow the commissioner to make photocopies, photographs, and audio and videotape recordings at the commissioner's expense and in accordance with Minnesota Statutes, chapter 13.

Subp. 4. Retention of records. The county board, its contracting service providers, and any subcontracting service providers shall retain a copy of the records required under subpart 1 for three years plus the current year unless an audit requires a longer retention period. The records may be microfilmed at the end of the third year after the record was made. For purposes of this subpart, "copy of the records" means a photocopy or a computer-generated reproduction.

Statutory Authority: *MS s 245.484; 245.4886; 256E.12*

History: *17 SR 922*

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 human services 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*

History: *L 1984 c 654 art 5 s 58*

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 human services 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 Sta-

tistics (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*

History: *L 1984 c 654 art 5 s 58*

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:

- 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;

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B. state the measurable 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;

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 train-

ing, and in-state travel of personnel providing services directly to adult mentally ill residents. Support personnel are included 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.

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 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.

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.

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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.

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*