

3300.2035 ALLOCATION OF EXTENDED EMPLOYMENT PROGRAM FUNDS.

Subpart 1. **Unit of distribution of extended employment program funds.** The unit of distribution of extended employment program funding is the payment for one work hour performed by an eligible worker and reported to the department in the extended employment program.

Subp. 2. **Notice of availability of funding.** The department will publish a notice of availability of state grant funds in the State Register for each state fiscal year. The notice will include a description of the funds available, the application procedure for these funds, a statement of the funding criteria in parts 3300.2005 to 3300.2055, and the timetable for the allocation of state grant funds.

Subp. 3. **Application and guidelines for funding.** The department will make the form of application and guidelines for extended employment program funding available to all interested parties upon request. The department's guidelines shall include information on priorities for program funding, including target populations or geographic distribution of services, that will be addressed in the allocation of state grant funds. Certified providers must apply for grant funds on the form specified by the department.

Subp. 4. **Procedures for contracts with providers for center-based, community, and supported employment.** Each fiscal year, the department will enter into annual contracts with providers for a specific allocation from the center-based fund or the community support fund according to items A to C.

A. A provider's contract starting point each year will be determined by the previous year's contract and the previous year's reported contract production, as follows: (i) when the provider's reported contract production in the previous year is equal to or greater than 95 percent of the contract, the provider's starting point shall be the previous year's contract; or (ii) when the provider's reported contract production in the previous year is less than 95 percent of the contract, the provider's starting point will be the reported contract production plus five percent of the previous contract.

(1) The starting point for contracts to providers for state fiscal year 1999 shall be calculated using the following method:

(a) for the community support fund, the lesser of each provider's total contracted or reported hours of work and service in supported employment as defined under the prior extended employment rule in part 3300.2050, subpart 31a, in state fiscal year 1998 shall be multiplied by \$2.04 to determine the provider's contract starting point from the community support fund for state fiscal year 1999; and

(b) for the center-based fund, the lesser of each provider's total contracted or reported hours of work and service in center-based employment in state fiscal

year 1998 shall be multiplied by \$1.13 to determine the provider's contract starting point from the center-based fund for state fiscal year 1999.

B. Two and one-half percent of a provider's contracted allocation from either the center-based fund or the community support fund can be earned by reported production that exceeds the provider's contracted allocation in the other fund. This reported contract production cannot be used to adjust the contract starting point under item A. This provision cannot be exercised in the subsequent fiscal year.

C. The redistribution of allocation from underproduction to providers is as provided in subitems (1) to (3).

(1) Where a provider's underproduction in the center-based fund or the community support fund is over five percent of the contracted level of allocation, the allocation in excess of five percent shall be redistributed to other providers, unless a variance for economic hardship has been approved under part 3300.2040.

(2) Allocation from underproduction shall be redistributed to other providers on the basis of guidelines established by the department for that funding year. The guidelines shall consider unmet needs of target populations and the geographic distribution of center-based employment, community employment, and supported employment.

(3) When the allocation to be redistributed under department guidelines is at least one percent of the total allocation for either the center-based fund or the community support fund, the department shall issue a request for proposals under part 3300.2030, subparts 1 and 2. Alternatively, the allocation to be redistributed may, at the commissioner's discretion, be used to adjust the statewide uniform rates under subpart 6, item B.

Subp. 5. **Annual survey.** The department shall conduct an annual survey of extended employment program needs for center-based, community, and supported employment, including the geographic distribution of these services. The results of this survey shall be considered in the department's application and guidelines for funding in subpart 3, and in the department's issuance of requests for proposals under parts 3300.2030, subparts 1 and 2, and 3300.2052, subpart 1, item C. This information shall be available to public officials, workers, providers, advocacy organizations, and social service agencies.

Subp. 6. **Statewide uniform rates.** Effective July 1, 1998, the allocation and distribution of extended employment program funds to center-based employment, community employment, and supported employment will be based on the work hour rates in items A and B.

A. There shall be three statewide uniform rates. The rate for a work hour in supported employment shall be \$2.40 per hour. The rate for a work hour in community employment shall be \$2.13 per hour. The rate for a work hour in center-based employment shall be \$1.19 per hour.

B. The statewide uniform work hour rates for center-based employment, community employment, and supported employment may, at the commissioner's discretion, be adjusted to account for changes in the Consumer Price Index (CPI).

Subp. 7. **Statewide allocation of extended employment funds to center-based employment fund and community support fund.** For each state fiscal year, the department shall determine the statewide allocation for the center-based fund and the community support fund according to items A to D.

A. From the state appropriation, the department shall reserve for the community support fund an amount of dollars equal to the sum of the allocations for the starting point for all providers with contracts and making application for funding.

B. From the state appropriation, the department shall reserve from the center-based fund an amount of dollars equal to (1) the sum of the allocations for the starting point for all providers with contracts and making application, less (2) any allocation withheld resulting from the request for proposals process, multiplied by the statewide uniform rate for center-based employment. However, no future statewide allocation of extended employment funds to the center-based fund shall exceed \$4,279,000, the funding allocation for center-based employment in state fiscal year 1997.

C. Adjustments to the statewide allocation may be made based on shifts of dollars from the center-based fund to the community support fund as requested by providers. Shifts will be adjusted at the starting point for each provider requesting shifts.

D. The remainder of the state appropriation, after items A to C are completed, will be subject to distribution according to the department's application and guidelines for funding under subpart 3.

Subp. 8. **Adjustment of state grant funds allocated to providers.**

A. The department must distribute state grant funds based on provider reporting of work hours provided to workers in center-based employment, community employment, and supported employment.

B. Beginning in state fiscal year 2000, provider contracts must also be adjusted for the wage level performance incentives in part 3300.2045.

C. Compliance audits of eligible work hours shall be performed and adjustments made to the allocation of state grant funds to providers after the close of the funding year as provided in subitems (1) and (2).

(1) After the close of each funding year, an audit of each provider must be conducted using the department's compliance audit standards according to generally accepted auditing standards as follows:

(a) The audits must be performed by independent auditors at the expense of the providers.

(b) The department must seek input from providers and independent auditors in the development of the compliance audit standards.

(c) The department must review the compliance audit standards on an annual basis and seek the input of providers and independent auditors in the review of the standards. The department will make the standards available no later than 30 days prior to the end of each state fiscal year.

(d) The extended employment program factors subject to the department's compliance audit must include hours and wages and evidence of ongoing employment support consistent with the worker's extended employment support plan.

(e) Completed audits must be submitted to the department within 90 days from the close of the funding year. Audits submitted after the due date will not adjust allocations beyond the allocation earned by the reported work hours during the contract period.

(2) Audit adjustments to provider allocations must be made as follows:

(a) Within 45 days from the receipt of an accepted final audit report, the department shall make final audit adjustments to provider allocations.

(b) Based on the results of the compliance audit, the department must seek repayment from providers for hours of employment in center-based employment, community employment, or supported employment that were not provided according to the provider's contract.

(c) The department's determination of the amount of repayment and the reasons for the repayment is subject to the appeal provisions of part 3300.2055.

(d) The funds repaid by providers as a result of the final audit adjustments must be distributed as a wage level incentive under part 3300.2045.

Statutory Authority: *MS s 268.021; 268.0122; 268A.03; 268A.15*

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