

SUBJECT: CONTRACT FUNDING AND SPENDING ANALYSIS – OAA, NSIP & LSP

Revised: May 2025

Purpose:

In order to support the ability of the Alliance to ensure the annual funding provided for the OAA programs (subtitles) is utilized in its entirety to enhance these program purposes and to serve as much of the population in need of these services as possible. To achieve this purpose, the Alliance uses the following procedure to initiate contracts and analyze the spending patterns for each of the OAA programs (subtitles) to provide a fair and clear mechanism to ensure funding is utilized appropriately and entirely.

The provider will submit a monthly Surplus/Deficit Report on the Alliance S/D form throughout the contract period indicating the actual spending, units served, number of clients served, and acceptable explanation for variances as indicated on the form.

The Alliance Contract Manager will review the Surplus/Deficit Report. Any noted variance explanations may require a discussion between the Alliance and the provider in order to improve forecast accuracy.

A. Initial Annual Funding Allocation:

1. OAA, NSIP, and LSP

- a. In the five years following the Initial RFP Award, Providers will be funded with the entirety of the previous year's recurring funding by OAA Title. Recurring Funding includes all permanent allocation of funds such as the previous year's initial award plus any additional funding that has been received in the previous year by the Alliance from DOEA and allocated to providers less any funding de-obligations due to provider surplus situations. The previous year's carry forward is not recurring funding, nor is funding that is moved between providers or regions during the year unless otherwise stated.
- b. Should the funding for an upcoming contract year provided by DOEA be lower than the previous year's recurring funds, adjustments to provider contracts will be required, depending on the reason for the reduction.
- c. Should the funding for an upcoming contract year provided by DOEA be higher than the total allocation of all providers' previous year recurring funds, the Alliance will determine the best method of allocating the funds which would include an analysis of any current and previous year surpluses or looking to OAA RFP designated provider (both funded and unfunded) organizations. Should the additional funding allocation utilize a proration methodology, a review of provider surplus history will first be considered.
- d. Funds cannot be moved between OAA Title III subtitles.
- e. Funding transfers between regions will be determined first by regional service needs and/or other designated provider (both funded and unfunded) needs.

2. LSP

Funding is allocated to providers based on the Legislative approved projects and purpose.

B. Surplus / Deficit Analysis

1. The OAA, NSIP, and LSP providers will each submit a monthly consolidated surplus/deficit report in a format provided by the Alliance to the Alliance's contract manager for each OAA Subtitle and each OAA funded region. The submission of the Surplus/Deficit report to the Alliance contract manager should follow the contractually required submission dates for billing. The reports must address each contracted service for each region and provide an explanation of any variances above or below one percent of the monthly targeted expenditure included on the annual spending plan. The explanation should include specific steps that demonstrate how the provider is addressing the variance.
2. The Alliance fiscal staff will prepare a complete Alliance monthly surplus/deficit report incorporating all providers and rolling up all regions. This information is sent to the Director of Program Integrity and Accountability for review.

The contract manager will reconcile the Alliance prepared Surplus/Deficit with the provider's prepared Surplus/Deficit report and verify wait list information if the provider is generating a programmatic or service surplus. The provider is expected to manage its own wait list to avoid incurring surpluses while clients are waitlisted and in need of services. Should the analysis indicate a deficit, the contract manager may inquire of the situation from the provider to ensure funding is available for continuity of services to clients throughout the contract year. Should the analysis indicate a surplus, the contract manager will inquire about the situation with the provider.

3. After review, the monthly surplus/deficit report prepared by the Alliance will be sent to DOEA, as required.

C. OAA & NSIP Remedial Actions for Surplus:

Should the analysis indicate a surplus, a situation for de-obligation may exist.

1. Should a provider's confirmed surplus exist after the first quarter of the contract within any funded region, a provider will be given the opportunity to remedy the surplus during the fourth month of the contract. Should the surplus continue after 4 months into the contract, funding de-obligation may ensue. This de-obligation may be at the request of the provider during its own internal analysis or required by the Alliance to ensure that all funding is utilized in its entirety in a way to enhance the program purpose and to serve as much of the population in need of these services.
2. A De-obligation of a surplus will be calculated as follows:
 - a. A surplus is defined as any amount of funding that is below the YTD straight line monthly expected spending pattern within each region.
 - b. The YTD straight line monthly expected spending pattern is defined as the total contract award divided into 12 equal amounts for each month. The monthly amount is multiplied by the number of months for which the calculation is based. Although an explanation for any variance greater than 1% is required on the Surplus Deficit report, the analysis to determine a de-obligation of funding would incorporate a Surplus Allowance. The Surplus Allowance is calculated as follows:
 - For months 4-6, the Surplus Allowance is = 2.5% of the YTD straight line expected monthly expected spending pattern
 - For months 7-9 the Surplus Allowance is = 1.5% of the YTD straight line expected monthly expected spending pattern
 - For months 10 and 11 the Surplus Allowance is = 1% of the YTD straight line

expected monthly spending pattern.

3. For OAA and NSIP, de-obligated funds, initiated either by the Alliance or at the request of the provider for a particular service, will be utilized in the most appropriate means as determined by the Alliance. Examples of such means may include offering the de-obligated funds to other providers with the same service within the same OAA sub-Title and same region, contracting with a RFP unfunded designated provider, or the funds to address needs identified in other services or other regions within the same OAA sub-Title. Any de-obligated funds will not be returned to the de-obligated provider the following year as those funds would have been alternatively obligated to serve more clients as described.

D. OAA PROVIDER MODIFIED SPENDING

1. Each provider must provide services in accordance with its contracts.
2. Transferring funds between services: A determination of any transfers between regions will be guided by Section A.1.c. above. The Alliance procedure will follow the following process for transferring these funds:
 - a. Bundled Services:
 - i. For OAA Subtitles IIIB and IIIE, an OAA provider can provide any contracted service within an awarded service bundle as to ensure that client needs are met, and allocated funds are utilized as specified in the RFP.
 - ii. For OAA Subtitle C1, an OAA provider can utilize modified spending between the meal funding and counseling, education, and screening as long as the program requirements for screening, education and counseling are met. When monthly billing is submitted and no billing for screening, Education or Counseling is received, the provider will be asked to provide evidence that these programmatic requirements are completed.
 - iii. For OAA Subtitle C2, An OAA provider can utilize modified spending between the meal funding and counseling, education, and screening as long as the program requirements for screening, education and counseling are met. However, funding may not be moved between awarded Hot and Frozen meals without a formal request submitted to the Alliance contract manager. When monthly billing is submitted and no billing for screening, Education or Counseling is received, the provider will be asked to provide evidence that these programmatic requirements are completed.
 - b. If an OAA provider is projecting a surplus in any contracted service or bundle of services, the provider may request a contract amendment from the Contract Manager to modify the number of service units for that service in their contract to another service within that OAA sub-Title. The Alliance will consider the existing supply and demand for that service at the PSA level and the justification submitted by the provider. The Alliance will consider the provider's request based on the following:
 - i. The need or ability of another OAA funded provider or designated unfunded provider to utilize the funding for that same service.
 - ii. Wait list for the same service as identified in eCIRTS.
 - iii. The provider's justification for the request (including outreach efforts).
 - iv. Other service needs in the PSA.
 - v. There is an emergency situation.
3. If no other provider (designated provider both funded and unfunded) is identified in section D above, then the OAA provider requesting modification to any contracted

service must submit an explanation why and contain the following information to the Contract Manager:

- a. The service from which the provider wants to transfer units and the service to which the provider wants to add units.
 - b. The number of units the provider wants to transfer.
4. A determination of any transfers between regions will be guided by Section A.1.c. above.
 5. Any approval based on this policy is considered to be a permanent move unless extenuating circumstances exist.
 6. No provider requested contract amendment will be considered during the first quarter of the contract year or after the 10th day of the last month of the contract year.