2021 ITCA Finance Survey

Part IV: Fund Management

IDEA INFANT & TODDLER COORDINATORS ASSOCIATION

TABLE OF CONTENTS

FUND MANAGEMENT

The fourth topical area in the 2021 Finance Survey Report is focused on fund management. Topics include the following:

- Performance-based contracts;
- Payment methodology;
- Allocation methodology;
- Reporting requirements;
- Provider types; and
- Fiscal monitoring.

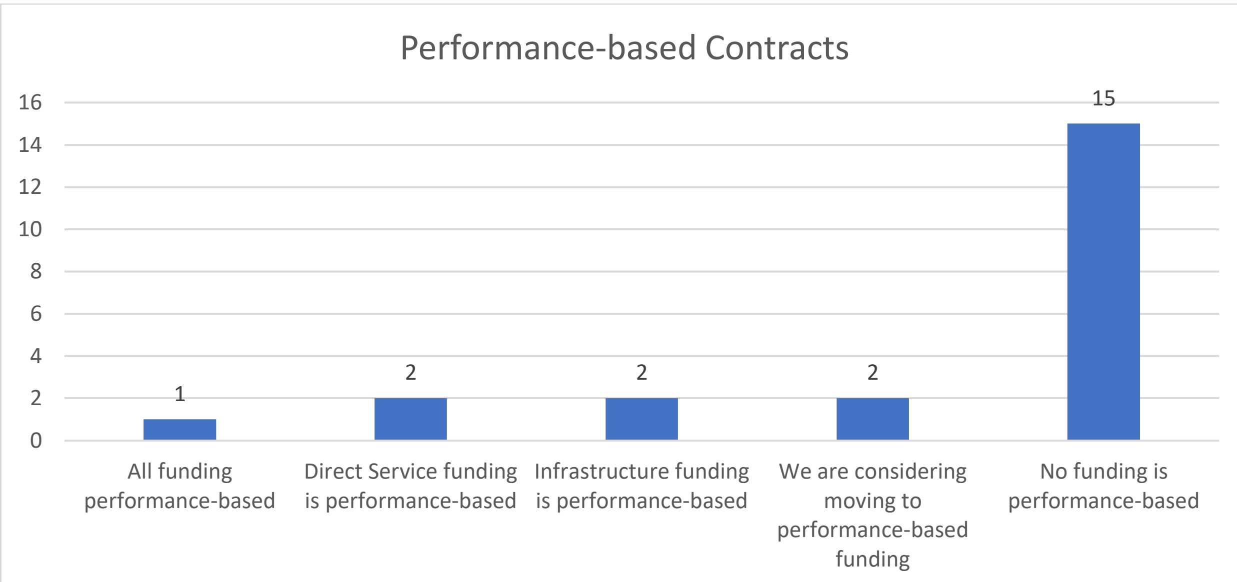
Part IV Findings

- Fifteen states responded that no funding for their Part C system is performance-based.
- Contracts were most frequently identified as the payment methodology for both infrastructure as well as direct services.
- Ten states responded they were considering subgranting IDEA Part C funds.
- The number of children served in the previous year and historic expenditure patterns were the most common variables used for allocation methodology.
- Twenty-five states require all participating entities that receive funding for early intervention to report all revenue and expenses generated on behalf of early intervention.
- Fifteen states require a uniform financial report from all providers.
- Four states have a limit on the percentage that they will pay local providers for administrative costs. Maximum rates that were identified ranged from 5% to 25%.
- Five states indicated they had a maximum on indirect costs. Maximum rates that were identified ranged from 2% to 12%.
- Thirty-three states use desk audits for fiscal monitoring. Twenty-four states conduct onsite reviews of agency finances, and twenty-three states conduct onsite reviews by child records.
- Non-profit agencies are the most frequently cited type of provider of early intervention services.
- Two states have an agreement that allows provider agencies to keep some percentage of surplus earnings.

Performance-based Contracts

1. Has your state implemented performance-based contracts?

Twenty-three states responded to this question. Fifteen states (65.22%) responded that no funding for their Part C system is performance-based. The remainder of states were equally spread across the responses.



2. Is your performance-based funding focused on compliance or evidence-based practices?

Six states responded to this question. Three states (50%) indicated it was based on compliance and the remaining three states (50%) indicated both.

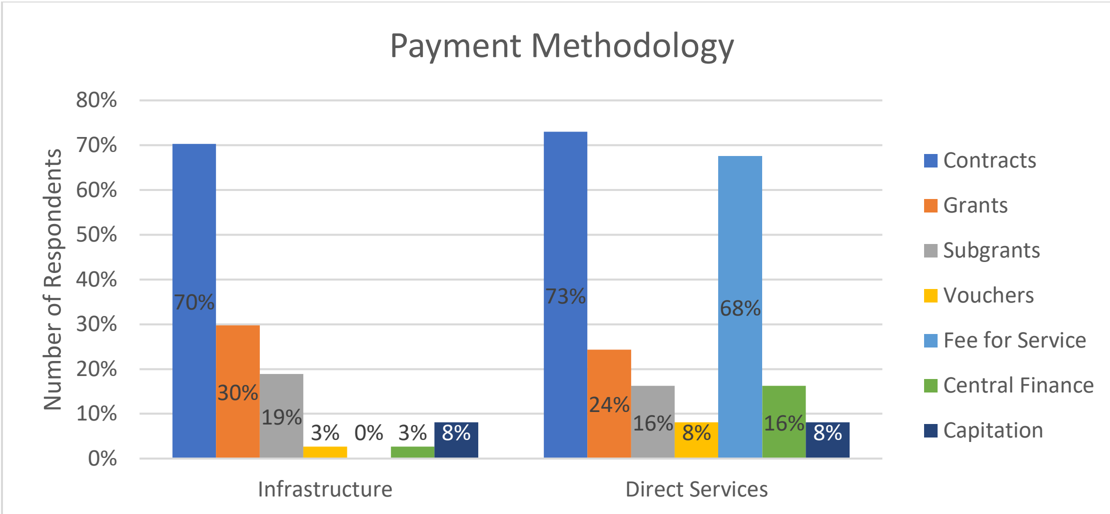
3. Do you include incentives and disincentives in your contract language?

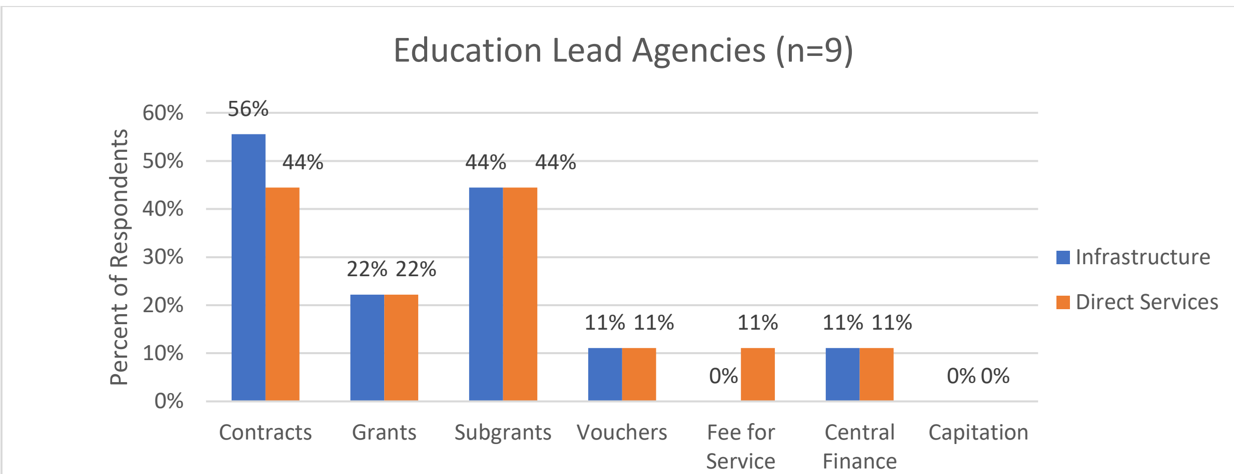
Six states responded to this question. Two states (33.33%) indicated that disincentive language was included in contract language and the remaining four states (66.67%) indicated both.

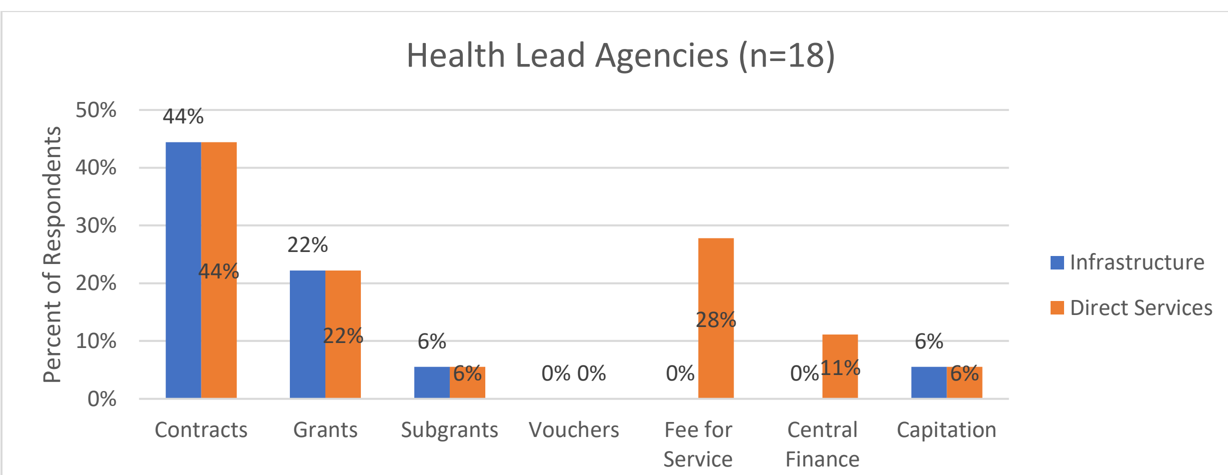
Payment Methodology

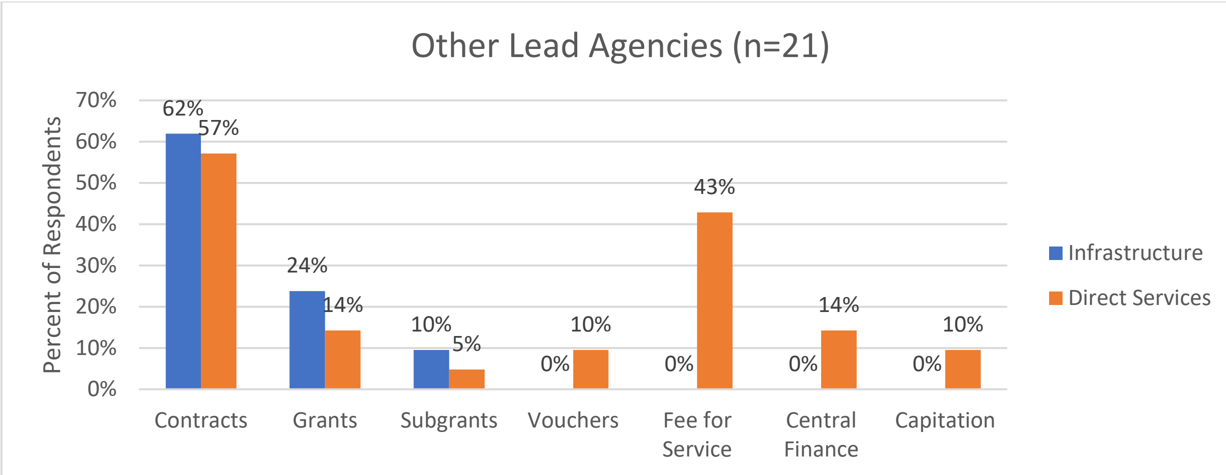
4. What is the Lead Agency's payment methodology-mechanism to move funding from the state level to the local level? Check all that apply.

Thirty-nine states responded to this question. Contracts were most frequently identified as the payment methodology for both infrastructure (26 states) as well as direct services (27 states).


Payment Methodology
Number of Respondents
80%
70%
60%
50%
40%
30%
20%
10%
0%
70%
30%
19%
3%
0%
3%
8%
73%
24%
16%
8%
68%
16%
8%
Infrastructure
Direct Services
Contracts
Grants
Subgrants
Vouchers
Fee for Service
Central Finance
Capitation


Education Lead Agencies (n=9)
Percent of Respondents
60%
50%
40%
30%
20%
10%
0%
56%
44%
22% 22%
44% 44%
11% 11%
0%
11%
11% 11%
0% 0%
Contracts
Grants
Subgrants
Vouchers
Fee for Service
Central Finance
Capitation
Infrastructure
Direct Services


Health Lead Agencies (n=18)
Percent of Respondents
50%
40%
30%
20%
10%
0%
44%
44%
22%
22%
6%
6%
0% 0%
0%
28%
0%
11%
6%
6%
Contracts
Grants
Subgrants
Vouchers
Fee for Service
Central Finance
Capitation
Infrastructure
Direct Services



5. **Is your state considering subgranting IDEA Part C funds to local educational agencies, institutions of higher education, other public agencies, and private non-profit organizations to carry out activities authorized under Part C?**

Forty-one states responded to this question. Ten states (24.4%) responded yes. Twenty-six states (63.4%) said they were not considering subgranting. Four states (9.8%) were undecided, and one state (2.4%) did not know what the subgrant option was.

Allocation Methodology

6. **Which of the following variables do you use in determining how much funding to allocate for infrastructure and direct services? Check all that apply**.

Thirty-seven states responded to this question. The most common response (94%) was the number of children served in the previous year for both components. The second most selected response (35%) for infrastructure and direct services was historic expenditure patterns. Beyond the choices provided, other variables that were identified were:

- Referral rate
- Enrollment FTE
- Historic local collections
- Referrals of children with elevated blood lead levels
- % of staff FTE of program to total state FTE
- Direct service fees are based on Medicaid rates

The charts that follow provide all responses as well as by lead agency.

Infrastructure Variables	Total	Education	Health	Other
# of children served in previous year	26	5	10	11
# of births	4	1	2	1
Poverty	2	1	0	1
Population Growth	5	1	3	2
Geography	6	0	4	2
Other public revenue variables	2	0	0	2
Rate of public insurance	3	0	1	2
Rate of private insurance coverage	0	0	0	0
Historic growth patterns	7	0	3	4
Historic expenditure patterns	8	1	3	4
Births to teens	0	0	0	0
Homelessness	0	0	0	0
Birth Defects Registry	0	0	0	0
# of premature births	0	0	0	0

Direct Services Variables	Total	Education	Health	Other
# of children served in previous year	31	4	11	16
# of births	6	1	2	3
Poverty	2	1	0	1
Population Growth	9	1	5	3
Geography	6	0	3	3
Other public revenue variables	2	0	1	1

Direct Services Variables	Total	Education	Health	Other
Rate of public insurance	5	1	1	3
Rate of private insurance coverage	1	0	0	1
Historic growth patterns	10	1	3	6
Historic expenditure patterns	13	1	3	9
Births to teens	0	0	0	0
Homelessness	0	0	0	0
Birth Defects Registry	0	0	0	0
# of premature births	0	0	0	0

Financial Reporting

7. Does the state lead agency, or any other state agency, require all participating entities that receive funding for early intervention to report all revenue and expenses generated on behalf of early intervention?

Thirty-seven states responded to this question. Twenty-five states (67.6%) responded that reporting to the state lead agency is required. Eleven states (29.7%) responded that no reporting is required.

	Yes Lead Agency	Yes Other State Agency	No
Total	67.6%	2.7%	29.7%
Health (18)	50.1%	0%	22.2%
Education (9)	66.6%	0%	33.3%
Other (21)	47.6%	4.8%	28.6%

8. If you answered yes, how frequently is the information required to be provided?

Twenty-seven states responded to this question. Eleven states (40.7%) indicated that reports are required on an annual basis. Nine states (33.3%) reported that quarterly reports were required, and seven states (25.9%) require monthly reports. One state (3.7%) reported requiring semi-annual reports.

9. Does the report separate revenue by fund source?

Twenty-six states responded to this question. Twenty states (76.9%) responded that the report separates revenue by fund source. Five states (19.2%) responded no, and one state indicated it is possible for the funding the lead agency distributes.

10. If a different state agency receives the revenue and expenditure report, is it shared with the lead agency?

Thirty-three states responded to the question. Twenty-nine states (87.8%) indicated this question did not apply to them. Four states (12.1%) indicated that the report was shared with the lead agency.

11. Are early intervention providers that receive funding through the Part C system required to submit a uniform financial report on an annual basis?

Forty states responded to this question. Fifteen states (37.5%) require a uniform financial report from all providers. Five states (12.5%) require the report from providers that meet a certain threshold. Twelve states (30%) indicated they do not require a report and eight states (20%) indicated this did not apply to them.

One state indicated that the threshold for reporting was $750,000 in any fiscal year. Another state indicated that all service coordination entities must submit year-end financials.

	Yes All	Yes Certain Threshold	No	Does Not Apply
Total	37.5%	12.5%	30%	20%
Health (18)	22.2%	16.6%	22.2%	16.6%
Education (9)	33.3%	11.1%	22.2%	11.1%
Other (21)	38.1%	4.8%	28.6%	19%

12. Does your state have a limit/maximum on the percentage you will pay local provider agencies for administrative costs?

Forty states responded to this question. Four states (10%) have a limit on the percentage that they will pay local providers for administrative costs. Sixteen states (40%) have no limit and fourteen states (35%) said this question did not apply to them. Maximum rates that were identified ranged from 5% to 25%.

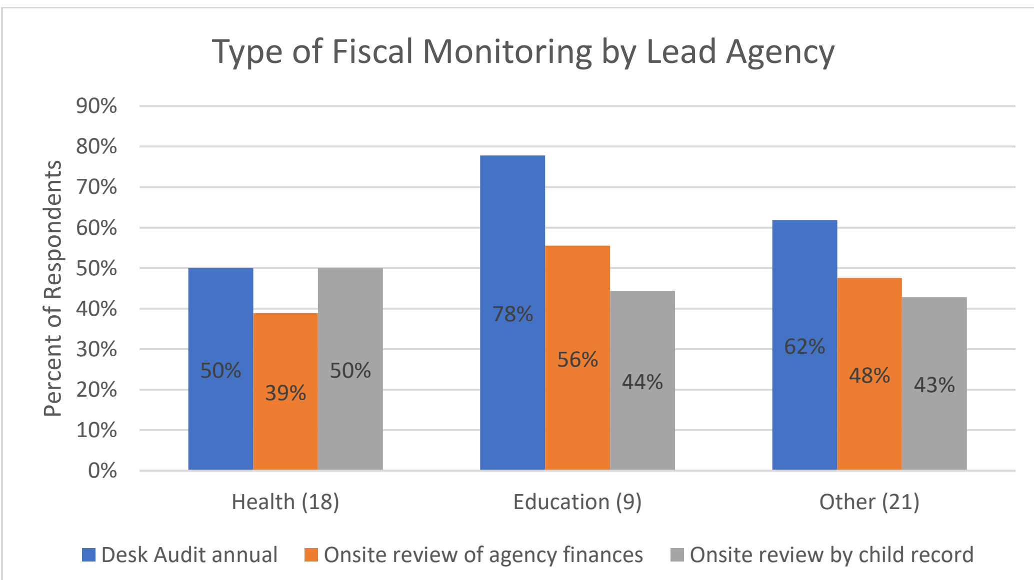
13. Does your state have a limit/maximum on the percentage you will pay local provider agencies for indirect costs?

Forty states responded to this question. Five states (12.5%) indicated they had a maximum on indirect costs. Eight states (20%) did not have a maximum and 16 states (40%) indicated this question did not apply to them. Maximum rates that were identified ranged from 2% to 12%.

Fiscal Monitoring

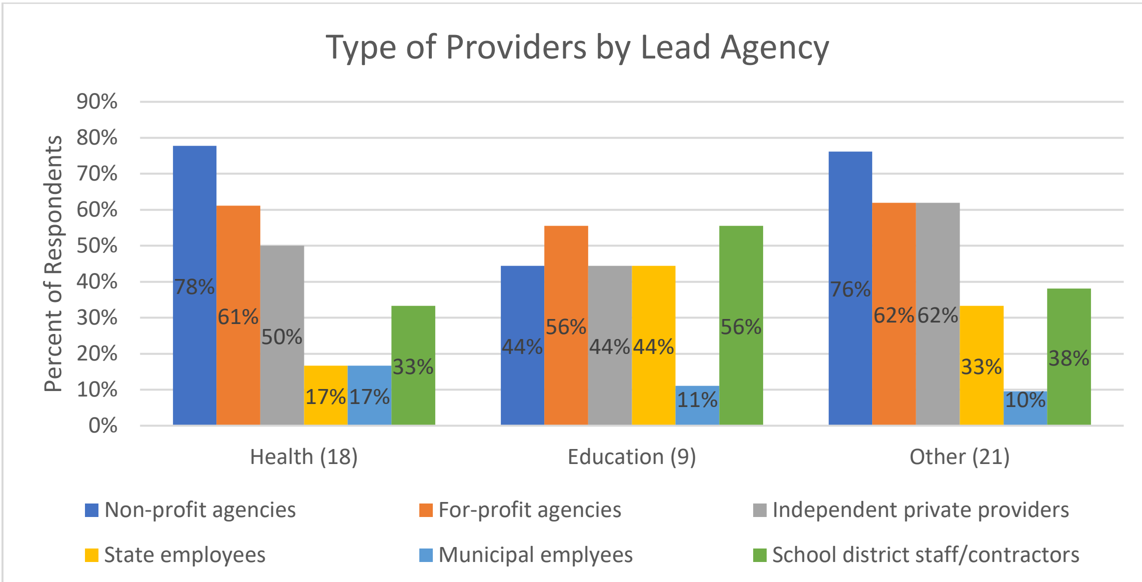
14. What type of fiscal monitoring does the state lead agency, or a contracted entity, conduct of participating entities? Check all that apply.

Thirty-six states responded to this question. Thirty-three states indicated they use desk audits. Eleven states (33.3%) conduct the desk audit on an annual basis and twenty-five states (75.8%) do periodic desk audits. Twenty-four states conduct an onsite review of agency finances. Six states (25%) do this on an annual basis and nineteen states (79.2%) do periodic onsite reviews. Twenty-three states conduct onsite reviews by child record. Six states (26.1%) conduct the reviews on an annual basis while seventeen states (73.9%) conduct the reviews on a periodic basis.



15. What type of providers participate in the delivery of direct services in your system? Check all that apply.

Forty-two states responded to this question. Thirty-four states (80.9%) identified non-profit agencies, twenty-nine states (69%) identified for-profit agencies and twenty-six states (61.9%) identified independent private providers as participating in the delivery of direct services.



16. Do you have an agreement that allows provider agencies to keep some percentage of surplus earnings?

Forty-one states responded to this question. Nineteen states (46.3%) responded that they did not allow states to keep surplus earnings. Nineteen states (46.3%) responded that they do not track surplus earnings. Two states (4.9%) responded yes; they did allow provider agencies to keep some percentage of surplus earnings.