

DEPARTMENT of Public Welfare

Office Memorandum

TO : VERA J. LIKINS, Commissioner
Department of Public Welfare

FY 75

DATE: March 12, 1975

FROM : EDWARD CONSTANTINE, Director
Community Programs Division

SUBJECT: 1974 STATUS REPORT-DAYTIME ACTIVITY CENTERS (DACs)

The past few years have seen tremendous growth in Minnesota DACs. This report will outline that growth) indicate where we are at present, and present some estimates for the next biennium.

Attached is a chart showing DAC enrollment figures for the past four fiscal years. Each year has shown an increase of about 400 participants, resulting in a present DAC enrollment of about 3,200. The major area of increase has been the adult population. I would identify two major factors behind the increases:

1. DPW Rule 34, which requires that, wherever possible, developmental services located apart from a residential facility be provided for retarded residents of a residential facility;
2. The deinstitutionalization process.

Additional factors behind the increases in enrollment have been extensive case finding activity and the opening of DACs in counties which previously did not have DACs.

During the 1971-72 fiscal year, grant-in-aid funds were used for the approximately 900 school-age participants enrolled in DACs at that time. After the Trainable Mentally Retarded Law became effective on July 1, 1972, 500 of those participants were transferred to public schools; 300 remained in DACs, but under school contracts; and 97 remained in DACs, still funded through grant-in-aid. The number of school contracts dropped to 248 during 1973-74 and is back up to 301 during 1974-75. However, the number of school-age participants funded through grant-in-aid dropped to 33 during 1973-74 and to 0 during 1974-75. We have had excellent cooperation from the Department of Education in identifying school districts' responsibility for all school-age children.

The attached chart also shows budget figures for the past three fiscal years (comparable figures are not readily available for 1971-72). Net adjusted budgets have increased by 742 within the past three years; however, the grant-in-aid appropriation has not increased at the same rate, resulting in a lower average percentage

of state funding (40% for 1974-75). This has meant that the largest portion of the increased cost has come from the local level* namely the county welfare departments.

In looking at the budget figures, it is important to recognize that both the state and the counties are presently gaining 75% federal Title IV-A reimbursement for eligible participants (for 1974-75, about 90% are eligible participants). Implementing Title IV-A for DACs has involved the resolution of some difficult problems; however, I would point to Title IV-A as being the major factor enabling the increases in funding that have occurred, particularly at the local level.

One of the original problems connected with Title IV-A was the system for flowing monies to the DACs. That system resulted in considerable overpayments. The specific amounts overpaid were determined through audits; those amounts are now being adjusted against DAC funding for 1974-75. The payment system was changed last year to prevent the overpayment problem from happening again. That system is now working fairly smoothly. Title IV-A Purchase of Service Agreements for 1974-75 were completed for 98% of the DACs by October 1, 1974; whereas, for 1973-74, Purchase of Service Agreements had been completed by November, 1973 for only 50% of the DACs.

Under the funding system that is being used, the local share of funding comes from the county welfare department responsible for the specific participant. For 1973-74, county welfare departments were paying for 434 participants attending DACs outside their home county. For 1974-75, this figure rose to 639. Although we do not have specific figures on this, I would estimate this fact is mainly due to the increase in numbers of DAC participants coming from residential facilities.

Since the appropriation for the past two fiscal years has not been sufficient for across the board 50% funding, we have allocated funds using the following methods: For 1973-74, we used county population as a guide; for 1974-75, we used a formula containing two factors, one of them being the percentage of state's population in a particular county and the other being the percentage of state's DAC participant-days to be provided by the DACs in a particular county.

For 1974-75, we have also allocated \$200,000.00 in grant-in-aid from a contingency fund. Since we are just completing this allocation, we have not yet included that on the attached chart. Contingency fund grants were allocated for emergencies and special needs which had not been included in the original 74-75 budgets. The funds allocated in this manner were available to us as a result of the clause in the appropriation enabling 25% of federal reimbursement received by the state to be used for program expansion. Part of the reason for withholding some of these funds for allocation later in the year was that we were not certain as to how much federal reimbursement is being earned for the current biennium. We still

do not have a figure on federal reimbursement for the last two quarters; we expect to be able to transfer the 25% earnings on that reimbursement into the next biennium.

Allocation of supplemental grants from the contingency fund required a considerable amount of staff time, resulting in a decrease in the other duties normally performed by our staff. For next year, I foresee us making allocations from a contingency fund only for extreme emergencies.

Based on the figures on the attached chart and on other information regarding deinstitutionalization, we drew up a budget request for the next biennium. We estimated that DACs would be serving an additional 800 persons and that DAC services will be provided for the 14 counties still without DACs. We estimated that total net adjusted cost for the biennium for maintenance of present services and for needed expansion of services would be \$19,659,177.00. Fund-ing this cost at the 60% allowable by statute would require a grant-In-aid appropriation of \$11,795,506.00.

Besides the new participants being served by DACs, there are also a number of new services being provided. One new element being implemented by a large number of adult programs is the work activity component. In the past two fiscal years, we have done a considerable amount of work with DVR to implement a system whereby DVR would fund sheltered workshops to provide DACs with the work contracts and technical assistance necessary for a work activity component. This system has now been implemented for about 43 DACs.

In working to implement everything that has been outlined above, we have not ignored the evaluation and monitoring aspects. We have requested, and obtained, considerable input regarding DAC budgets and program plans from local county welfare departments and area boards. For the 1975-76 fiscal year, we are asking that this in-pat be formalized as part of the grant-in-aid application. The counties are also conducting an ongoing monitoring process in connection with Title IV-A reimbursement requirements. We are also working with the DAC Evaluation Project (funded by Developmental Disabilities) to develop a comprehensive method by which the quality of DAC programs could be evaluated.

There have been a couple areas that have presented particular problems. One has been DAC transportation. For a number of years, school districts have been allowed (on a permissive basis) to provide DAC transportation. This, in itself, has been causing budgeting problems for DAC's. When they submitted their budgets to us last April, many DAC's did not know whether their school districts would be providing transportation or not. Thus, in many cases, welfare funds which could have been allocated for program costs were allocated for transportation costs. A great number of school districts have, in fact, now decided that they cannot provide DAC transportation. Passage of the mandatory DAC transportation bill presently being

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considered by the legislature could alleviate this problem considerably.

Another problem has been the determination of criteria for state DAC funds. This issue has two aspects: criteria for participants and for services. (This issue is separate from determination of eligibility for Title IV-A.)

We have been working with the Advisory Committee on Community Programs for the Mentally Retarded and Cerebral Palsied to clarify our policy on this issue. This Advisory Committee has recommended that we use a liberal definition of retardation in regards to determining criteria for participants; also, that we, not require DAC's to label participants as mentally retarded, but to simply state that a participant meets state DAC criteria. We are presently working on a policy bulletin to implement this recommendation. We are also still working with the Committee to clarify our policy regarding criteria for DAC services.

BS/gegg
Attach.

ADDENDUM TO 1974 DAC STATUS REPORT

	<u>1971-72*</u>	<u>1972-73*</u>	<u>1973-74*</u>	<u>1974 - 75**</u>
Pre-school participants	1,146 - 59%	754 - 31%	796 - 28%	607 - 19%
Adult	799 - 41%	1,366 - 56%	1,748 - 63%	2,200 - 69%
Homebound				109*** 3%
School contract		303 - 13%	248 - 9%	301 - 9*
Total participants	<u>1,935 - 100%</u>	<u>2,423 - 100%</u>	<u>2,792 - 100%</u>	<u>3,217 - 100%</u>

* Based on Research and Statistic Reports for actual enrollment on March 31 of that fiscal year.

** Based on estimates contained in 1974-75 grant-in-aid applications.

*** Had previously been included with pre-school.

	<u>1972-73</u>	<u>1973-74</u>	<u>1974-75</u>
Net Budgets	4,388,609	5,426,907	7,303,502
School contracts	628,432	604,670	745,710
Net adjusted budgets	3,760,177	4,795,237	6,552,260
State grant-in-aid	1,851,052	1,999,971	2,605,240
Average % state funding	50%	42%	40%
Average unit cost	\$9.26	\$9.73	\$11.42

Daytime Activity Center Grant-in-Aid Funding Alternatives
for 1975-77 Biennium

	Total	60%	50%	40%
1974-75 Net Adjusted Budgets* Times 2	\$13,104,520	\$7,862,712	\$6,552,260	\$5,241,808
10% Inflation FY 76	655,226	393,136	327,613	262,090
10% Additional Inflation FY 77	1,375,975	825,585	687,988	550,390
Expansion 800 Par- ticipants -200 days @12.56 FY76	2,009,600	1,205,760	1,004,800	803,840
Expansion 800 Par- ticipants -200 days @13.82 FY77	2,211,200	1,326,720	1,105,600	884,480
13 additional centers @ average 25,000 per center per year (see attached list)	650,000	390,000	325,000	260,000
	20,006,521	12,003,913	10,003,261	8,002,608

* This figure represents 1974-75 Daytime Activity Center budgets less transportation reimbursements and school contracts.

NOTE: The above figures represent a slight increase from earlier recommendations; in making the earlier recommendations, incomplete figures were used in calculating the 1974-75 average unit cost (which was then used to estimate unit costs for FY 76 and 77).

The Governor's recommendation of \$9,100,000 appears to provide for 45% funding for the above needs.

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As of March 12, 1975, the following counties do not have Daytime Activity Centers of their own:

1. Benton
2. Cass
3. Cook
4. Dodge
5. Isanti
6. Lake of the Woods
7. Nicollet
8. Norman
9. Pope
10. Red Lake
11. Roseau
12. Sherburne
13. Traverse

Lincoln County is using the DAC in Pipestone County (the DAC is almost on the border with Lincoln County).

Meeker County is expected to open their own DAC during the current fiscal year.

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Statewide Average of Sources of Revenue
for 1974-75 Daytime Activity Centers

Source of Revenue	Unit Cost	Percentage
Host Counties*	4.80	42%
State Grant-in-Aid	4.11	36%
Outside Counties**	1.14	10%
Contributions	.23	2%
School Contracts	1.14	10%
Total Average Unit Cost	11.42	100%

* Principal funding source in the State of Minnesota for Daytime Activity Centers is the County Welfare Department, Virtually 100% of all county support is derived from the county welfare fund through County Welfare Departments.

** County of financial responsibility contracts for Daytime Activity Center participants residing in other counties.

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