

Community Services Department:

*Division of Senior Services
Performance Levels and
Overmatch Evaluation*

(Project No. 01-M-06)

This document is the result of a collaboration between the Department of
Community Services and the Office of Financial Management & Budget,
Financial Management Division

JANUARY
2002
O F M B

<i>Executive Summary</i>	1
---------------------------------	---

<i>Introduction</i>	3
----------------------------	---

Factual Profile

Overview: The Senior Services Delivery Network in Florida	4
Division of Senior Services Program Overview	6
Grant Process	16
DOSS Performance	17
County Funding: Grant Matching and Overmatch	21

Findings and Recommendations

General Findings	22
Recommendations	30
Implementation Plan	32

<i>Appendix</i>	34
------------------------	----

Executive Summary

The county's Department of Community Services operates various programs for the benefit of elderly residents of the county. These programs are typically partnerships among the county, state and federal governments. In most cases, those governments also jointly share financial support for the programs.

Report Highlights . . .

Our review of services for the elderly found that:

- ☑ ***The annual work program of the Division of Senior Services is poorly planned;***
- ☑ ***There is an inadequate understanding of the overall cost implications on the county of the Division's grant-related services;***
- ☑ ***There is no evidence that either the department or Area Agency on Aging utilizes the state's required "Unit Costing Methodology" in any meaningful way.***

However, recent cost data show that, except for FY '99, county financial support for grant programs has been reasonably constant over the past ten years. This fact may actually have obscured declining trends in overall spending on senior programs by the county and in financial support for such programs by the state and federal governments.

In response to a request from county administration, the Management and Program Analysis Section conducted a study to examine the reasons for increases in the county's "overmatch" contributions to these programs, and to assess whether the department's administration of the programs meets established performance requirements. This report contains the results of that study, in the form of findings and recommendations. Denis J. Krajec, Senior Management and Operations Consultant, was the lead analyst assigned to this project.

The study found that there has been a nearly decade-long trend of declining overall spending by the county on these programs, ending with large increases in fiscal year 1999. At the same time, the county's share of financial support for these programs has been steadily growing as a percentage of overall program spending while state and federal shares of cost have declined. The study team could not determine whether declining intergovernmental subventions were the result of lower appropriations by Congress and the Florida Legislature, or whether grant allocations made at the regional level favored other service providers over Palm Beach County.

To address the study team's findings, we have shared our thoughts concerning the most important areas for improvement by offering the following four specific recommendations:

- The department adopt a more integrated, comprehensive planning approach for the delivery of senior services and the identification and budgeting of associated costs;
- The department investigate the potential of applying the county's share of any additional federal or state funding allocations to reduce existing county "overmatch" funding of DOSS grant programs, at least to pre-1999 levels;
- The department reduce the difference between the annual budget and the grant amounts awarded under the Older Americans Act program;
- A follow-up resource utilization study be conducted of DOSS programs to identify opportunities for operational improvements.

During the course of the study, the evaluation team expended significant effort attempting to understand historical funding and performance trends of DOSS programs, including plausible explanations for recent increases in financial match contributions by the county. That effort was impaired by the absence of a coherent internal program planning process or financial analyses, along with patchy documentation and staff turnover at key program and financial management positions.

As always, the recommendations we offer are forward-looking, and do not needlessly focus on past practices and events which cannot now be remedied.

Community Services Department: DOSS Performance Levels and Overmatch

A study to assess whether the delivery of senior services by Palm Beach County meets established performance requirements, and to review cost contributions

The purpose of this report is to provide county administration and department management with insights into the performance of various grant-supported programs for the elderly, and to identify reasons for increases in the county's overmatch contributions to these programs.

The study focused mainly on the federal grants awarded to the county's Division of Senior Services, including program funding sources, service delivery methods and costs. This was not an efficiency study; it did not set out to evaluate the efficiency or effectiveness of DOSS program processes or staff. It sought only to identify the elements of cost which may help to explain the observed trend of increasing county fiscal contributions to the programs administered by DOSS.

In order to successfully reach the study objectives, the consulting team formulated five principal questions to guide its research:

- Is Palm Beach County legally required to provide services for the elderly as the “provider of last resort?”
- Is Palm Beach County required to provide grant match funding for the Older Americans Act (OAA), Community Care for the Elderly (CCE), Home Care for the Elderly (HCE), and/or the Home- and Community-Based Medicaid Waiver (HCBW) programs in the form of cash, or can the required grant match be satisfied by the value of “in-kind” services?
- What are the individual cost components of program service delivery at DOSS, and how do they affect county fiscal contributions to DOSS programs?

- Can DOSS submit grant applications that request maximum unit cost reimbursements from grantors, or are grant reimbursement rates fixed at some lower level, effectively requiring “overmatch” by the county?
- What performance standards or other program criteria are applicable which affect the amount of county overmatch in DOSS programs?

The methodology used in this study included all of the following:

- Grant applications for the Older Americans Act, Nutrition Program for the Elderly, National Senior Citizens Educational & Research Center, Community Care for the Elderly, Home Care for the Elderly, and Respite for Elders Living in Everyday Families grants, including the corresponding Board agenda items, were reviewed.
- DOSS annual revenue and appropriations budgets for fiscal year 2001 were reviewed.
- Various monitoring reports and semi-annual reports of the state Department of Elder Affairs (DOEA) and the Area Agency on Aging (AAA) were examined for references to DOSS’s achievements and deficiencies.
- Monthly Outcome and Output Measure reports for February 2000 and February 2001 on DOSS performance were reviewed for comparisons with established AAA “targets.”
- Interviews were conducted with staff of the state DOEA, AAA and Palm Beach County’s Community Services Department.
- Internet research was conducted as necessary to supplement information available locally.

Factual Profile

OVERVIEW: THE SENIOR SERVICES DELIVERY NETWORK IN FLORIDA

Elderly residents of Florida have access to a variety of programs intended to meet life services needs, both within their homes and in congregative facilities in their communities. Often, these programs are the collaborative result of a 3-tiered service delivery system. In Florida, most public assistance programs for the elderly are controlled at the state level by the Florida Department of Elder Affairs (DOEA). In conjunction with the state’s eleven Area Agencies on Aging (AAA)—which act as local agents for the state—DOEA administers both federal and state funds for services to benefit elderly residents. The services themselves, however, depend on dozens of local provider agencies

throughout the state, including Palm Beach County, acting through its Community Services Department, Division of Senior Services.

Grants and other intergovernmental spending authority that support programs for the elderly receive appropriations annually from the state legislature, usually as part of the state budget. This appropriations authority is then apportioned among the state's eleven Area Agencies on Aging based on the respective areas' elderly populations.

With one exception, grants awarded to DOSS are controlled and monitored via this "Network on Aging."¹ The Older Americans Act of 1965 specifically requires that each state designate a state "Unit on Aging" (DOEA in Florida) and one or more Area Agencies on Aging as the principal structure for the delivery of federal funds to eligible individuals.

DOEA receives federal OAA funds that it applies toward social services and employment training for Florida's elderly. As the designated state unit on aging, DOEA serves as an advocate for elderly residents in the state by reviewing and commenting on all state plans and policies affecting seniors. DOEA's role is to ensure the existence of cost-effective, long-term care through community-based services. It does this by evaluating the need for services throughout the state and assessing the degree to which those needs are met by public or private programs. DOEA formulates statewide plans for the aging based upon the results of the needs assessment and coordinates with AAA to carry out its priorities.

In addition to federal OAA dollars, DOEA also administers state funds through the state-mandated Community Care for the Elderly (CCE), Alzheimer Disease Initiative (ADI), Local Service Program, and Medicaid Waiver (HCBW) programs. The funds are passed through the service network described above. DOEA distributes both state and federal funds among Florida's eleven Area Agencies on Aging, located in eleven "Program Service Areas" (PSAs). Each PSA receives a share of program funding based on demographic statistics, principally its resident population over the age of 59.

Local program service providers, such as Palm Beach County's Division of Senior Services, typically submit annual grant applications (Service Provider Applications) in what is nominally intended as a bid process. When the bid is awarded, the successful service provider contracts with the assigned Area Agency on Aging to provide the agreed-upon services.

¹ The National Senior Citizens Educational & Research Center (NSCERC) grant is administered by the U.S. Department of Labor, and not by the State Department of Elder Affairs.

DIVISION OF SENIOR SERVICES PROGRAM OVERVIEW

The community Services Department “provides administrative supervision for programs that provide services to Palm Beach County residents in need.” The Division of Senior Services, one of three divisions of the department, focuses on the county’s senior citizen population. DOSS defines its mission, “To provide a range of services to achieve and maintain independence and improve the quality of life for seniors.” Services fall into two broad program areas: 1) senior training and employment; and 2) assistance for senior citizens at risk of nursing home placement. Grant revenues of \$3,787,774 and user fees of \$550,897 and county appropriations of approximately \$1,815,649 to match grant funds, cumulatively account for approximately 70 percent of the total DOSS budget of \$8,749,380 for FY 2001.

SERVICE CENTERS	
Congregate Meals	22 Sites
Adult Day Care (County)	2 Sites
Adult Day Care (Private)	3 Sites
Case Management	3 Sites
Senior Centers	3 Sites

Grants and other intergovernmental funds are obtained by DOSS on a cost reimbursement basis and services are provided by a network of county staff (61), program volunteers (approximately 250) and sub-contractors (7).² Client services are delivered to the client either at home or at numerous service centers located throughout the county. DOSS employees conduct case management for the program and also directly provide client services by staffing adult day care centers and congregate meal sites (*Appendix 3*).

Services not provided directly by DOSS employees are provided by sub-contractors, either at clients’ homes or at the facilities indicated above. Contract services amount to approximately \$2.2 million annually. Currently, there are seven sub-contractors that provide the following services to clients:

<u>Sub-Contractor Name</u>	<u>Service(s) Provided</u>
AD Nursing	Various (see Exhibit 2)
Mission Home Health	Various (see Exhibit 2)
International Home Health	Various (see Exhibit 2)
Morse Evans Home Health	Various (see Exhibit 2)
Health Watch	Emergency alert services
MEGA Nursing Services, Inc.	CHORE and consumable supplies
GA Food Service, Inc.	Food services (sole source provider)

The table on the following page identifies current DOSS grant programs and their respective funding distributions in the FY 2001 annual operating budget. Immediately following the table are brief descriptions of each of these programs.

² An organizational chart of DOSS is included in *Appendix 2*.

TABLE 1

**Grant Funding of DOSS Programs
for the Fiscal Year 2000–2001**

Grant Name/Funding Source	Grant	County Match Funding		Total Funding
		Required Amt.	Actual Amt.	
National Senior Citizens Educational & Research Center (NSCERC) Source: Federal Grant Year: 7/1–6/30	\$654,870	\$72,764 Not < 10% of combined federal and non-federal funding (cash or in-kind match)	\$99,706	\$754,576 (Full year estimate based on total grant for FY 7/1/00–6/31/01)
Older Americans Act (OAA) Source: Federal Grant Year: 1/1–12/31	\$1,680,804	\$153,006 10% of combined federal and non-federal funding (cash or in-kind match)§	\$939,375	\$2,653,929†
U.S. Department of Agriculture (USDA) Source: Federal Grant Year: 10/01–9/30	\$257,162	\$0	\$0	\$257,162
Home- and Community-Based Medicaid Waiver (HCBW) Source: State "Spending Authority" Total Amount: \$3,089,967 Period: 7/1–6/30	\$534,231 (Budgeted)	\$0	\$195,670 (Budgeted)	\$729,901
Community Care for the Elderly (CCE) Home Care for the Elderly (HCE) Source: State of Florida Grant Year: 7/1–6/30	\$1,124,222	\$117,760 10% of combined state and non-state funding (cash or in-kind match)	\$580,896 HCE grant: no match required	\$1,723,620
Respite for Elders Living in Everyday Families (RELIEF) Source: State of Florida Grant Year: 7/1–6/30	\$86,000	\$0	\$0	\$86,000 (Full year estimate based on annual components per July 2000 application)
Total	\$4,337,289	\$343,530	\$1,815,649	\$6,205,188

§ The minimum \$186,756 match was reduced by \$33,750 of program income

† Includes \$33,750 of program income

Senior Training and Employment

The Senior AIDES training and employment program focuses on low-income persons over 55 years of age who need to work. Seniors receive subsidized part-time employment training while providing needed services to governmental and non-profit community agencies. Typically, Senior Aides begin part-time employment with the county and migrate to unsubsidized employment—the goal of the program—as their work skills develop.

The Senior Aides program is co-sponsored by Palm Beach County and the Nutrition Senior Citizens Educational & Research Center (NSCERC), a non-profit corporation.³ Palm Beach County operates the program through a grant administered by NSCERC and awarded by the U.S. Department of Labor under Title V of the Older Americans Act (OAA). Nationwide, the Senior Aides Program authorizes subsidized employment of at least 70,000 part-time employment positions. Title V allots funding to states based on their levels of activity during FY 2000. “Level of activity” is defined as the number of authorized program participants multiplied by the cost per participant. Once the county is awarded the grant, funds can be obtained monthly, in advance, for the amount needed to meet the Senior Aides payroll. OAA authorizes the Department of Labor to recapture unexpended funds at the end of a program year and re-obligate them as incentive grants with the two succeeding program years.

The original NSCERC grant for the period July 1, 2000 through June 30, 2001 was \$735,943. Funding consisted of \$654,870 in federal funds and \$81,073 in county funds.⁴ The \$81,073 represented the county match share contributed toward program costs. Because the required county match cannot be less than ten percent of the sum of federal and non-federal shares, the required minimum county match was actually \$72,764.⁵ While it appears that the county originally contributed \$8,309 more than the minimum required, grant documentation identified that the county’s share of program costs was actually \$92,406 so as to cover the full salaries and related benefits of the Project Director and Assistant Project Director—both county employees—and \$6,500 of operating costs. Apart from these administrative costs, all other funds of the

³ This program became the responsibility of DOSS as a result of a Community Services Department reorganization that was effective with the start of fiscal year 2001. The reorganization and reassignment of responsibilities were the result of an MPA Section study titled *Community Services Administration Organizational Structure* (96-M-08). That study recommended a reduction in the number of employees reporting directly to the department director.

⁴ Source: Board of County Commissioners Agenda Item 3E-6, meeting of July 25, 2000.

⁵ $(\$654,870 \div 90\%) \times 10\%$.

program are utilized to provide senior training and participant wages and fringe benefits.⁶

According to the Senior Aides project director, county staff has been advised by NSCERC representatives that grant funding for the period July 2001 through June 2002 will be reduced by twenty percent from the current year’s grant amount.

Assistance for Senior Citizens at Risk of Nursing Home Placement

PROGRAM GRANTS

Federal Sources

- Older Americans Act (OAA)
- U.S. Dept of Agriculture (USDA)

State Sources

- Home- and Community-Based Medicaid Waiver (HCBW)
- Community Care for the Elderly (CCE)
- Home Care for the Elderly (HCE)
- Respite for Elders Living in Everyday Families (RELIEF)

Six of the seven grants awarded to DOSS fund in-home services or services at congregate facilities for persons 60 years or older as a means of delaying or avoiding the need for nursing home placement.⁷ DOSS oversees the delivery of these services to eligible clients who reside north of Hypoluxo Road and in the western communities of Palm Beach County.⁸ Grants are funded through either federal or state sources as shown in the chart at left. There is some overlap in the types of services provided under four of the grant programs. These

overlapping services are identified in Table 2 on page 10. A brief description of each grant follows below.

Older Americans Act Grant

Authorization for this grant derives from Title III of the Older Americans Act of 1965. Title III programs are federally funded grants, and are intended to serve primarily low income minorities, socially isolated seniors and those with functional impairments. All U.S states and territories are eligible to receive OAA funding. Grants are administered at the federal level by the Department of Health and Human Services, through its Administration on Aging. OAA funding is allocated to states based on their populations ages 60 years and over. In Florida, OAA services are competitively bid to a network of local providers through a process established by the state Department of Elder Affairs and

⁶ A review of the program budget as of June 2001 revealed that the matching local costs had actually risen another 7.9% to \$99,706.

⁷ See State of Florida and Palm Beach County elderly profiles as of January 2000.

⁸ The Mae Volen Center (MVC), a non-profit organization based in Boca Raton, receives grant funding to provide similar services to residents of southern Palm Beach County. The county is providing \$200,000 of funding to MVC during FY 2001 as part of the “County Sponsored Programs” budget unit.

TABLE 2

DOSS Program Services by Grant Type

Service	Older Americans Act	Community and Home Care for the Elderly	Home- and Community-Based Medicaid Waiver
Case Management		•	•
Homemaker	•	•	•
Transportation	•	•	
Congregate Meals	•		
Nutrition Education	•		
Outreach	•		
Home Delivered Meals	•	•	•
In-Facility Respite			•
Respite	•	•	•
Personal Care	•	•	•
Chore (HD)	•	•	•
Adult Day Care	•	•	
Emergency Alert	•	•	•
Risk Reduction		•	
Case Aid		•	•
Pest Control		•	•
Legal Services	•	•	
Caregiver Training		•	•
Supplies/Services—Medical		•	
Home Repair		•	
Companionship	•	•	•
Shopping	•	•	

Source: Florida Department of Elder Affairs, *Client Services Manual*, Chapter 2, Section C, pp. 21–23.

Note: The HCE grant primarily provides funding for case management and case aide services, but also provides a basic subsidy to caregivers in private homes, including reimbursement for some supply costs.

presided over by the local Area Agencies on Aging.⁹ DOSS is the selected OAA service provider for Palm Beach County north of Hypoluxo Road and in the western communities. In this capacity, DOSS annually serves approximately 5,985 clients, providing them an estimated 546,319 “units” of service. Units of service include such things as transportation, meals, personal care assistance, adult day care, and shopping assistance. A complete list of OAA program services offered by DOSS is shown in the table above. That

⁹ The next opportunity to bid will be in the fall of 2002 for the grant period beginning January 1, 2003.

**OAA TITLE III
COMPONENTS**

- Part B – Supportive & Access Services
- Part C – Nutrition Services
- Part D – In-home services for the frail
- Part F – Disease Prevention/Health Promotion

table also dramatizes the extent of overlap between OAA-funded services and similar state grant programs carried out by DOSS. Of the four parts of OAA Title III that are funded in Florida, DOSS typically bids to provide only Part B and Part C services.

The OAA grant awarded to DOSS for calendar year 2001 totaled \$1,863,250, including the required ten percent county

match (\$186,324). Match requirements were reduced by \$45,000 for anticipated program income (principally donations from clients), leaving the required match at \$141,324. While that match could have been provided by in-kind services (volunteers, for example) in lieu of cash, the entire required match for the year was met by a General Fund appropriation. In addition to the required match, the anticipated USDA grant reimbursement revenue of \$229,733 was appropriated for OAA grant programs. Finally, an additional amount of \$686,323 was appropriated from the General Fund.

DOSS has generally proposed unit cost reimbursement rates from grantors that are within allowable cost ranges

Grant funding is received on a reimbursement basis at a predetermined amount per unit of service provided. The reimbursement rates for units of service are initially proposed by the county in its grant application, referred to as a “Service Provider Application” (SPA), and submitted to the Area Agency on Aging. Program service providers such as DOSS are free to submit proposed reimbursement rates up to the full costs of the units of service they intend to provide. The AAA utilizes “Contract Unit Rate Analysis” tables provided by the Florida Department of Elder Affairs as a tool to determine whether proposed SPA unit costs are within acceptable cost ranges for component programs. The schedule in Table 3 on page 12 compares the unit costs proposed by DOSS with the allowable range of costs.

U.S. Department of Agriculture Grant

This grant provides financial assistance through the federal “Nutrition Program for the Elderly” (NPE) in the form of partial cost reimbursement for qualifying meals served to eligible clients. Individuals over the age of 59 and their spouses, regardless of age, are eligible for NPE benefits. Financial support for NPE comes from the U.S. Department of Agriculture, which provides either cash reimbursements or commodity foods to state agencies, which pass them on to local providers that serve meals through U.S. Department of Health and Human Services programs. The current allowable reimbursement rate under NPE is 54.04¢ per meal.

The focus of NPE is on providing elderly persons with nutritionally sound meals through meals-on-wheel programs, or in senior citizen centers and similar congregate settings. There are no household income limits to qualify for the program; age is the only factor used in determining eligibility. The Department of Health and Human Services administers the grant on behalf of the USDA

TABLE 3

**DOSS Unit Costs vs. State Allowable Costs
(2001 OAA Grant SPA)**

Service	DOSS Unit Cost	DOEA Cost Range	
		Low End	High End
Case Management	\$46.85		
Homemaker	20.48	\$ 4.58	\$ 23.13
Transportation	5.21	0.33	26.65
Congregate Meals	3.70	0.43	7.73
Nutrition Education	7.01	0.14	635.75
Outreach	34.65	1.94	42.75
Home Delivered Meals	4.18	0.32	6.56
In-Facility Respite	60.89		
Respite	20.90	7.85	16.57
Personal Care	27.97	11.80	16.57
Chore (HD)	20.60	2.35	46.13
Adult Day Care	11.09	1.91	10.30
Emergency Alert	1.22	0.21	1.26
Risk Reduction	71.59		
Case Aid	8.10		
Pest Control	75.23		
Legal Services	75.23	3.66	155.75
Caregiver Training	75.23		
Supplies/Services—Medical	44.51		
Home Repair	75.23	6.39	226.98
Companionship	1.55	0.07	14.62
Shopping	20.15	0.23	13.49

and utilizes Florida's designated state unit on aging—the Department of Elder Affairs—to assist in that effort. States can take all or part of their allotments in cash, rather than in commodity foods. On a nationwide basis, approximately 96 percent of program resources were distributed to meal providers as cash reimbursements during 1998.

Funding for NPE is appropriated annually by Congress. During fiscal years 1997, 1998 and 1999, the appropriations remained constant at \$140 million nationwide. Local providers receive their funding on a per-meal, reimbursable basis; the rate of reimbursement is determined retroactively by dividing the actual number of meals served nationwide during any given year into the congressional appropriation for that year. The fixed rate per meal for FY 2000

was 54.04 cents; for fiscal year 1999, the rate was 55.39 cents. During FY 2000 DOSS served 557,122 qualifying meals and received reimbursements totaling \$301,069. The original DOSS grant award for the NPE program in that year was \$263,586; the grant award for the following year (October 2000 through September 2001) was \$257,162. No matching funds from the county are required by this grant.

**Home- and
Community-Based
Medicaid Waiver
Contract**

The intent of the Medicaid Waiver program is to delay or avoid payment of higher nursing home costs by funding a less expensive diversion program that provides clients with in-home services or services at congregate facilities. Eligibility for the Medicaid Waiver program is determined by a client's income and eligibility for Medicaid nursing home care. Program services are provided by DOSS staff or by a network of pre-qualified service providers that contract directly with the state's Medicaid program. When direct client services are not provided by DOSS staff, clients are referred by DOSS to other qualified providers in the state's Medicaid program. The costs incurred both by DOSS to process applicants for waiver eligibility and by the ultimate service providers themselves, are reimbursed at non-negotiable contract rates and are billed directly to the state's Medicaid paying agent, Consultec.

Home- and Community-Based Medicaid Waiver funding is not a grant *per se*, but rather is a "Spending Authority" contract which DOSS enters into with the regional Area Agency on Aging. Through this contract, DOSS is authorized to provide—or obtain through referral—program services that are reimbursed from federal and state sources via the state's Medicaid program. From the start of the state fiscal year in June 2000 through May 15, 2001, DOSS spending authority was \$3,089,967.¹⁰

Only \$534,231 of the \$3.09 million spending authority is included in DOSS appropriations budget for fiscal year 2001. This amount represents the cost of case management, case aide, and in-facility respite services provided directly by DOSS staff. The remaining \$2.56 million will most likely be committed for reimbursements to other local Medicaid Waiver providers on behalf of clients referred to them by DOSS.

As shown in the table on page 14, the unit cost reimbursement for services provided by DOSS staff under the Medicaid Waiver program falls short of full cost recovery. Because maximum reimbursement rates under the program are fixed and not subject to negotiation, the county budgeted a General Fund subsidy of \$195,670 in fiscal year 2001 to cover the difference. This subsidy is not a funding match *per se* inasmuch as no match is required, but rather represents the cumulative annual costs incurred by DOSS that exceeded the cumulative annual reimbursement it received during the year.

¹⁰ Spending authority is amended quarterly.

TABLE 4

**Comparative Reimbursement Rates
Home- and Community-Based Waiver Program
(July 1, 2001–June 30, 2002)**

	DOSS Reimbursement Request	Medicaid Waiver Maximum
Case Management	\$52.39 per hour	\$45.00 per hour
Case Aide	\$33.86 per hour	\$21.00 per hour
In-Facility Respite	\$10.06 per hour	\$10.00 per hour

**Community Care
for the Elderly**

Community Care for the Elderly is a state grant program administered by the Department of Elder Affairs in conjunction with the Area Agency on Aging. Services provided are similar to those provided under the federal Older Americans Act, directed at individuals 60 years of age and older who are at risk of nursing home placement. Lead agencies, such as DOSS, provide case management and coordinate services for delivery from staff or sub-contractors. CCE programs deliver approximately 126,588 units of service to an estimated 1,944 eligible clients annually. Table 2 on page 10 lists services provided by DOSS under CCE grant funding.

For the year July 1, 2000 through June 30, 2001, Palm Beach County has been awarded \$1,185,111 which includes the required ten percent county match of \$118,511. While the required match could have been met by in-kind services in lieu of cash, the entire match was budgeted in the form of a General Fund appropriation. In addition to the required match, \$16,617 of USDA reimbursement revenue, \$18,000 of anticipated program income, and an additional \$380,810 of General Fund revenues were appropriated to this program. Total program costs are thus anticipated to be \$1,600,538 for that year.

Grant funding is obtained on a reimbursement basis using the same application process and unit costing methodology as utilized for OAA funding.¹¹ A comparison of unit costs submitted for reimbursement by DOSS with the state's allowable range of costs for the CCE grant is tabulated on the following page. DOEA representatives have recently reemphasized to AAA staff the need to award this grant on a competitive bid basis.

¹¹ For a full discussion of the unit costing methodology prescribed by the Florida Department of Elder Affairs, refer to the report section titled, "Grant Process" beginning on page 16.

TABLE 5

**DOSS Unit Costs vs. State Allowable Costs
(2002 CCE Grant SPA)**

Service	DOSS Unit Cost	DOEA Cost Range	
		Low End	High End
Case Management	\$ 53.62	\$ 11.42	\$ 40.50
Homemaker	19.20	7.26	19.74
Transportation	6.56	2.28	53.21
Congregate Meals	5.23		
Nutrition Education	6.60		
Outreach	34.84	22.67	22.67
Home Delivered Meals	4.83	1.96	5.80
In-Facility Respite	10.56		
Respite	23.06	4.71	24.65
Personal Care	21.96	8.31	25.24
Chore (HD)	10.48	1.41	92.66
Adult Day Care	11.88	3.94	11.89
Emergency Alert	1.68	0.27	2.00
Risk Reduction	91.48	36.68	72.71
Case Aid	34.60	11.76	25.90
Pest Control	39.83		
Legal Services		46.50	120.00
Caregiver Training		36.99	36.99
Supplies/Services—Medical	124.68	100.00	991.91
Home Repair		1,667.00	1,667.00
Companionship	21.74	4.65	17.50
Shopping	20.96	7.00	18.10

**Home Care for
the Elderly**

The Home Care for the Elderly grant provides specific funding for case management and case aide services as well as a basic subsidy for caregivers (not DOSS staff) in private homes that includes reimbursing some of the monthly expenses associated with caring for clients. Case management and case aide services are provided by DOSS staff, and include client care plans, hearing client grievances and maintaining fiscal and program records.

This grant is closely associated with the CCE grant, and the Service Provider Application for each is presented to the Board of County Commissioners for approval at the same time. For the year July 2000 through June 2001, Palm Beach County has been awarded \$81,104. No county matching funds are

**Respite for Elders
Living in Everyday
Families**

required for this grant, but an additional \$19,668 in local funds was budgeted, bringing total approved county funding for the program to \$100,772.

Respite for Elders is a state-supported program offering respite services to frail seniors and their families through the use of community volunteers. Grant funding is obtained by DOSS on a reimbursement basis at the rate of \$6.00 per hour of in-home respite and each hour of training provided to participating volunteers. The unit reimbursement rate enables payment of a stipend of \$2.25 an hour to the RELIEF volunteer plus \$2.50 daily for meal expenses and 29¢ per mile travel allowance.

RELIEF grants are administered by the Department of Elder Affairs in conjunction with the Area Agencies on Aging. For the fiscal year ended June 30, 2001, Palm Beach County was awarded \$85,710. It is estimated that this funding provided 14,285 volunteer service hours annually. No county funds are required to match the grant, and none were appropriated for FY 2001.

GRANT PROCESS

DOEA transfers available grant funds to the Area Agencies on Aging. The role of the AAAs is to carry on local planning, funding and monitoring of both federal and state-sponsored programs. DOEA requires each AAA to submit detailed area plans which outline the Program Service Area's (PSA) four-year goals. Periodic reports include information on the inventory of program services and a cost comparison of institutional care versus community care.

Palm Beach County's Division of Senior Services is one of many service providers in PSA 9, which also includes Indian River, Martin, Okeechobee and St. Lucie Counties. The majority of service providers with which AAAs contract are non-profit organizations. The sizes of these organizations vary greatly, with AAA funding accounting for between 20% and 90% of their total funding. Within PSA 9, Palm Beach County is the only local government to act as a service provider; all other providers are non-profits.

In 1995, DOEA retained KPMG Peat Marwick LLP (KPMG) to assist in developing a unit costing methodology to allow the state to evaluate program costs proposed in provider grant applications (called "Service Provider Applications" or SPAs for short). It was envisioned that employment of a standard costing methodology would facilitate the uniform and competitive pricing of services delivered by service providers throughout the state. KPMG released its report in March 1996, and DOEA made the recommended unit costing methodology a requirement of the SPA process shortly thereafter. It is implemented by means of a computerized spreadsheet application, titled "Unit Costing Methodology." All Area Agencies on Aging and prospective service providers are required to utilize this spreadsheet program to calculate unit costs in connection with annual funding applications.

DOEA annually publishes a “Contract Unit Rate Analysis” that is ostensibly utilized by AAA staff in evaluating provider grant applications. Excerpts of this document were shown earlier in Table 3 on page 12. The Analysis identifies minimum and maximum unit costs associated with each of the grant program component services. While it is reportedly not the determinant for selection of service providers, the Analysis may be used as a guideline for evaluating which competing providers can contribute the highest number of program service units at the lowest unit costs to the state.

DOSS submits the required Unit Costing Methodology spreadsheets as part of all Service Provider Applications sent to AAA for consideration. The spreadsheet allocates all allowable grant-related costs to the array of program services provided by DOSS, for the purpose of calculating a cost per unit of service. Expenditures for salaries and benefits, travel, building occupancy, communications, printing and supplies, equipment, and service sub-contracts are all entered in total as individual line items, and then allocated by the spreadsheet program to individual program service classifications. This allocation of costs is predicated, in part, on the number of staff hours allotted to each category of program services as identified in a companion “Personnel Cost Flow Worksheet,” another required part of DOEA’s unit costing methodology. The allocated program service costs are then divided by the forecast number of service delivery units to yield a calculated cost per unit of service for each of the component programs.¹²

According to AAA staff, DOSS’ costs per unit of service tend to be high in comparison with non-profits that provide similar program services in PSA 9. Moreover, AAA staff have indicated that some DOSS program service unit costs are high in relation to the acceptable ranges of costs in DOEA’s published Contract Unit Rate Analysis tables described earlier in this report.¹³ Overall, however, AAA does not seem greatly concerned by that, because governmental unit costs are typically found to be higher than those of the non-profit sector, and because AAA staff appear anxious to continue the relationship with Palm Beach County government. In previous attempts to attract alternative service providers through competitive bidding locally, DOSS has been the only respondent.

DOSS PERFORMANCE

The study team was asked to examine the extent to which DOSS performance in respect of its grant programs was within program guidelines or any limits imposed by grantor agencies. This section of the report looks at performance

¹² Examples of the “Personnel Cost Flow Worksheet,” the “Unit Costing Methodology” spreadsheet, and the “Supporting Budget Schedule by Program Activity” documents submitted as part of the 2001-2002 SPA for CCE and HCE grant programs are included as Appendices 4-6.

¹³ Source: Meeting with AAA staff on June 1, 2001.

issues in each of the two principal programs administered by the Division of Senior Services.

Senior Training and Employment

The U.S. Department of Labor (DOL) and the National Senior Citizens Educational & Research Center (NSCERC) set grant performance criteria for this program. Both groups focus on two criteria:

1. Complete utilization of the grant funds awarded;
2. Proportion of program participants employed in unsubsidized positions. DOL and NSCERC use slightly different threshold target:
 - DOL — 20 percent of seniors enrolled in the program
 - NSCERC — 26 percent of the seniors enrolled in the program.

During fiscal year 2000 (grant year July 1999 through June 2000) and fiscal year 1999 (July 1998 – June 1999), the Senior Aides program had to return unexpended grant funds to NSCERC totaling approximately \$85,000 and \$15,000, respectively. According to the current Senior Aides Project Director, hired in January 2000, heightened efforts are now being focused on increasing the number of seniors assisted by the program. On a year-to-date basis for fiscal year 2001, the program has been able to meet both goals for performance. There are currently 122 seniors enrolled in the program, or 20 more than the number authorized by the NSCERC Project Agreement for 2001. As of April 2001, the program had 33 participants placed in unsubsidized employment, or 32 percent of the 102 grant-authorized positions.

Assistance for Senior Citizens at Risk of Nursing Home Placement

Under the 3-tiered service delivery system used in Florida, the various Area Agencies on Aging have the primary responsibility for monitoring contract performance of service providers within their local Program Service Areas. In turn, each AAA is responsible to DOEA for the collective performance of service providers in its assigned PSA. Area Agencies on Aging evaluate their service providers' contract performance from three perspectives:

- Ability of the provider to spend all grant funding awarded within the grant period;
- Maintenance of complete and accurate client information and case records; and
- Ability to attain DOEA/AAA established output and outcome measure targets.

With the exception of the Medicaid Waiver authorization, DOSS has been able to expend all grant funds it has received through December 2000.

Medicaid Waiver authority was not fully expended during each of the two successive years ending with fiscal year 1999.

AAA generally evaluates the more qualitative performance criteria associated with the maintenance of client information and case records at least twice each year. These semi-annual monitoring visits identify areas of new and continuing concerns, including the current status of each. There is no “pass” or “fail” associated with these performance-monitoring evaluations; those service providers with a higher frequency of identified problems receive higher levels of AAA staff attention and assistance. Problematic service providers will be reviewed more often as deemed necessary by AAA staff.

DOEA has been developing performance output and outcome measures over the last several years, but these have only been formalized as part of the grant contracts since the start of the state’s fiscal year 2000 on July 1, 1999. Originally, the output and outcome measures were designed for use with state grants only—specifically CCE and HCE—and for tracking the overall performance of individual Area Agencies on Aging. Because federal and state grant program client services are similar (and not differentiated in the state’s client tracking and case management database), output and outcome reports contain aggregated federal and state client service delivery information. Therefore, the output and outcome reports are not specific to any one grant, but rather compare overall PSA performance under both federal and state grant programs to “targets” established by DOEA.

In an effort to comply with DOEA output and outcome measures, AAAs publish annual performance targets for their service providers to meet. Each service provider is given an individual set of output and outcome targets and expected to also adhere to the overall AAA outcome targets. AAA reports monthly and year-to-date results for service providers within its PSA and makes that information available on its website. Not all output and outcome measures have remained constant over the past two years since their introduction. These measures continue to evolve, and AAA staff acknowledges that there continue to be intrinsic problems with the way the program extracts database information. AAA maintains that output and outcome measures are used as a tool to assist with monitoring service provider efforts as they relate to attainment of overall PSA targets and expenditure of allocated grant funds.

At present, neither the set of performance output/outcome measures nor DOEA targets relative to those measures is made available to local provider applicants—including DOSS—in time for inclusion in their annual applications for OAA, CCE and HCE grants. This lack of advance knowledge relating to the basic criteria by which provider performance will be evaluated precludes providers from incorporating specific state program goals into their annual work plans. One result of this has been that DOSS has been required

to either alter its initial emphasis on individual program services after funding priorities and commitments have already been made, or to attempt to achieve target levels of service that are not realistic nor consistent with local priorities.

Table 6 contrasts DOSS' most recent performance with its year-to-date performance one year earlier. The corresponding AAA performance targets for fiscal year 2001 are also shown. Analysis of monthly AAA performance reports by DOSS staff has reportedly revealed data errors (e.g., clients associated with the wrong service provider) and program problems (e.g., program includes clients and categories in error). As appropriate, these discrepancies are annotated in Table 6.

TABLE 6**DOSS Performance vs. State Targets**

Service	DOSS Performance		AAA Target
	February 2000 YTD Results	February 2001 YTD Results	February 2001
Percent of Cares Imminent Risk referrals served	86.16%	83.41% (corrected by DOSS 84.70%)	90.00%
Percent of family and family-assisted caregivers who report they are very likely to provide care	85.84%	92.58%	92.00%
Percent of elders assessed with high or moderate environments who improve their environment score	52.17%	63.64%	70.00%
Percent of CCE/HCE/ADI clients defined as "Probable Medicaid Eligibles" who remain in state-funded programs	16.07%	24.05% (corrected by DOSS 11.28%)	15.00%
Percent of recipients with high nutritional scores who improve	None	33.64% (corrected by DOSS 72.73%)	60.00%
Percent of Adult Protective Services referrals served in 72 hrs	None	82.14%	95.00%
Percent of recipients whose IADL Assessment score has been maintained/improved	None	75.92%	60.00%
Number of people served	6,487	7,276	4,356
Number of congregate meals served	None	122,500	208,845 (max meals per DOSS s/b 175,280)

Source: AAA monthly output/outcome measure reports and interviews with DOSS staff.

COUNTY FUNDING: GRANT MATCHING REQUIREMENTS AND OVERMATCH

The primary factors which determine county funding requirements are: 1) the number of units of client services provided; 2) DOSS operational and contractual costs; and 3) off-setting grant and other revenues. Because annual increases in grant revenues are typically limited to increases in Consumer Price Index, it appears that levels of client service and DOSS operational/contractual costs are the only cost-drivers which DOSS can control. When the cumulative impact of annual increases in the cost of client services (mostly contractual services, based upon number of units) and in DOSS salary and benefit expenses exceeds the real dollar increase in grant funding, it has been the practice for county funding to increase to make up the deficit.

In the course of this assignment, the project consultant met with various staff of both DOSS and the Area Agency on Aging. As a result of those meetings, it was determined that the county was not required to provide any cash match or overmatch funding as a condition of receiving grant funds. It was also made clear that grant funding in future years could not be expected to increase by more than the rate of the Consumer Price Index, regardless of county funding. While the county has historically submitted AAA grant applications that propose a county cash match and significant overmatch funding, other services already provided by the county may qualify as in-kind contributions, thereby fulfilling the match requirements for most grants.¹⁴ As depicted in Table 1, approximately \$344,000 of county funding was appropriated in FY 2001 as a required grant match, and an additional \$1,472,000 was appropriated in the form of "overmatch" funding.

Today, grants absorb about \$2 out of every \$3 of program costs in DOSS, approximately the same ratio as it has been since 1993, except in 1999 when grants accounted for only \$1 of every \$2 spent on senior services.

According to the unit costing methodology spreadsheet included in the SPA for the fiscal year 2002 CCE/HCE grant bid, DOSS programs to provide client services will cost nearly \$5.98 million for the year. The major components of that cost are tabulated in Table 7 on the following page. Considering that federal and state grant funds support DOSS program costs by approximately \$3.9 million, there is only an estimated \$1 million of those outside subventions remaining after meeting expenditures of approximately \$2.9 for contractual services, and building, insurance, and communications costs. These latter costs are relatively fixed for the existing levels of clients served. Thus, only that residual \$1 million of grant funding is available annually to offset the remaining DOSS program costs totaling almost \$3 million, including \$2.8 million of salaries and benefits.

¹⁴ The value of client services already provided elsewhere by the organization that are similar enough to those services funded by the grant may qualify for classification as an "in-kind" match, thereby relieving the organization of the responsibility to contribute matching funds in the form of cash.

TABLE 7

**DOSS Operating Budget by Major Cost Components
(Fiscal Year 2001 Estimate)**

Cost Component	Cost	% of Cost
Salaries	\$2,102,621	35.2%
Salary-related benefits	712,758	11.9%
Subtotal: Salaries and benefits	2,815,379	47.1%
Contract Services	2,234,894	37.4%
Transportation (PalmTran contract)	379,412	6.3%
Subtotal: Contracts	2,614,306	43.7%
Bldg, utilities, insurance, communications expenses	318,203	5.4%
All other (travel, printing, supplies, equipment, repair & maintenance)	228,264	3.8%
Total	\$5,975,942	100.0%

Source: Costs were obtained from SPA "Unit Costing Methodology" spreadsheet prepared by DOSS staff for the CCE/HCE grant bid for fiscal year 2002.

Findings and Recommendations

This part of the report is divided into three sections—General Findings, Recommendations, and Implementation Plan. As appropriate, analyses of the issues are included in the first two of these sections. We begin by summarizing the essential conclusions reached by the study team as a result of its work.

GENERAL FINDINGS

The preceding sections of the report have described DOSS grant programs and the state and federal funding structure under which the programs operate. Through a process of interviewing employees of the Community Services Department, the Florida Department of Elder Affairs and the Area Agency on Aging, as well as a review of available documentation, the study team offers its assessment with respect to DOSS overmatch and program performance.

The essential conclusions we have reached are: 1) the level of grant overmatch is entirely within the county's control; 2) with the exception of increased contributions to the OAA grant in fiscal year 1999, available historical data do

not indicate significant overmatch increases over the past several years; 3) overall spending on senior services programs has been declining in real terms over the past decade, but the county's share of that spending has been increasing as a percentage of total costs; 4) no comprehensive planning process tying grant program funding and service levels to the departmental budget was evident; 5) the methodologies employed in the preparation of financial information in grant applications submitted prior to June 2001 could not be explained by department staff or supported by documentation or workpapers; 6) although required as part of the grant application process, there is no evidence that the state's "Unit Costing Methodology" process is utilized by either the department or AAA in any meaningful way; and 7) DOSS performance under the various grants monitored by the state is within acceptable limits.

The following specific findings describe the study team's conclusions in greater detail, and are the bases for recommendations that follow later in the report.

Florida counties—including Palm Beach County—are not obligated to provide federal or state grant programs for the elderly

In response to a specific inquiry on the question, the study consultant was advised by DOEA that local governments are not required to administer programs for the elderly, even as "providers of last resort." An excerpt from DOEA's response states:

"There is no federal or state law or regulation that mandates that a county government become the local area service provider. There is no federal or state law requiring that the provider of CCE or OAA services must also provide Medicaid Waiver services. Therefore, it is possible for Palm Beach County to bid on services under CCE and OAA while opting not to provide services under the Medicaid Waiver."

DOSS program costs at the existing level of client service delivery cannot be sustained by grant funding sources and required local match contributions alone

While most grants require a local match of not less than ten percent of the grant amount, grantees are typically allowed to utilize the value of services already being provided by the grantee as an alternative to providing the required match in the form of cash. It is unknown how much, if any, of the approximately \$340,000 of required match related to DOSS grants could be satisfied by acceptable in-kind services already being provided in some capacity by Palm Beach County.

But finding suitable activities to claim as in-kind match is not the challenge facing the county. The cost structure of the DOSS organization requires significantly more cash to meet on-going operating expenses than what is required simply to match state and federal grants. DOSS grant programs cost

Palm Beach County approximately \$5.9 million to deliver; external sources of grant revenue contribute approximately \$3.9 million toward that amount. In essence, this is the reason for the continued county overmatch funding of DOSS grants. Specifically, the operating costs of DOSS grant programs currently require the county to spend \$1,450,000 *more* than is required for grant award. Under current conditions, Palm Beach County spends 428 percent more than the minimum required to satisfy grant conditions. Table 8 analyzes this cost/revenue structure by grant source and category of service.

TABLE 8

**DOSS Program Costs and Income by Category of Service
for OAA and CCE Grant Sources
(Program Year 2002)**

Program Totals	Congregate Meals	Home- Delivered Meals	Homemaker Services	Home Respite	Personal Care	Chore Services	Companion Services	Sitter Services	Shopping Assist
Cost	\$826,794	\$922,674	\$585,737	\$282,134	\$464,981	\$5,176	\$28,696	\$2,441	\$8,353
Units	180,000	219,821	35,231	13,809	21,000	178	1,462	208	450
Unit Cost	\$4.59	\$4.20	\$16.63	\$20.43	\$22.14	\$29.08	\$19.63	\$11.74	\$18.56
			Weighted Aggregate In-Home Service Unit Cost: \$19.05						
Grant Revenues Feb. 2002 OAA SPA			In-Home Service	In-Home Service	In-Home Service	In-Home Service	In-Home Service	In-Home Service	In-Home Service
Reimbursable Cost	\$408,709	\$399,905			\$573,614				\$1,500
Units	170,295	204,033			39,779				121
Unit Cost Reimbursement	\$2.40	\$1.96			\$14.42				\$12.36
Grant Revenues July 2001 CCE SPA									
Reimbursable Cost		\$58,800			\$379,399				\$3,492
Units		29,108			32,253				291
Unit Cost Reimbursement		\$2.02			\$11.67				\$12.00
Grant Revenues Oct 2001 USDA									
Unit Cost Reimbursement	\$0.53	\$0.53							
Average Grant Reimbursement/Unit	\$2.93	\$2.50			\$13.19				\$12.12
County Contribution/Unit	<u>\$1.66</u>	<u>\$1.70</u>			<u>\$5.86</u>				<u>\$6.44</u>
Vendor Contract Unit Costs by Service	\$2.29	\$2.65	\$11-\$18	\$10-\$18	\$11-\$18	\$11-\$18	\$11-\$18	\$10-\$18	\$10-\$18

The data in Table 8 require an additional word of explanation. The study team sought to estimate the proportionate costs of subcontracted services and in-house staff services by individual program components. The difficulty with that is that neither the grant applications themselves nor the underlying program budgets for OAA or CCE/HCE segregates costs in that manner. So, Table 8 was constructed by first disaggregating total division costs (approximately \$5.98 million) into its nine program components: congregate meals, home-delivered meals, and in-home services (comprising homemaker services, home respite, personal care, chore services, companionship services, sitter services, and shopping assistance.)¹⁵ Then, the grantor contributions for each of the nine categories were identified, and the nine cost components were netted against the nine grant revenue components to arrive at the county's share of costs for each of these nine categories. Finally, for each category we listed what the county's obligations are to its subcontractors (at the unit cost level) to demonstrate how these subcontract costs compare with the overall costs by program category. The difference between the total cost per program category and the subcontractor cost for the corresponding category is the estimate of the costs of non-contract (i.e., in-house staff) operations by category.

The two major cost components of DOSS grant programs are: 1) salaries and related benefits of approximately \$2.8 million, accounting for 47.1%; and 2) contract service provider costs, including transportation services, of approximately \$2.6 million, or 43.7%. Together they account for about 91 percent of grant program costs. When building, utilities and insurance costs of \$290,000 are added, the aforementioned components account for almost 96 percent of total program costs. The remaining four percent of program costs related to all other expenditures, and include such items as communications, staff travel and equipment repair/maintenance.

If existing DOSS staffing levels are indeed required to support current program service delivery output, it takes about \$1 in staff support costs to deliver \$1 of direct client services. This strikes us as unreasonably expensive overhead. In the event of a future reduction in overmatch funding by the county, the impact on support services should be disproportionately large, for that reason.

With the exception of approximately \$450,000 of increased General Fund contributions to the OAA grant program during fiscal year 1999, the county's funding match for Senior Services grant programs has remained reasonably constant since 1993

An eight-year trend of actual recognized revenues and expenditures is presented in two graphs below. The increased county funding of the OAA

¹⁵ That nine-way allocation was made directly from the department's latest OAA submittal, including "Unit Costing Methodology" spreadsheet and the "Supporting Budget Schedule by Program Activity" form.

FIGURE 1

**Older Americans Act Grant Activity
for Fiscal Year 1993 through Fiscal Year 2000**

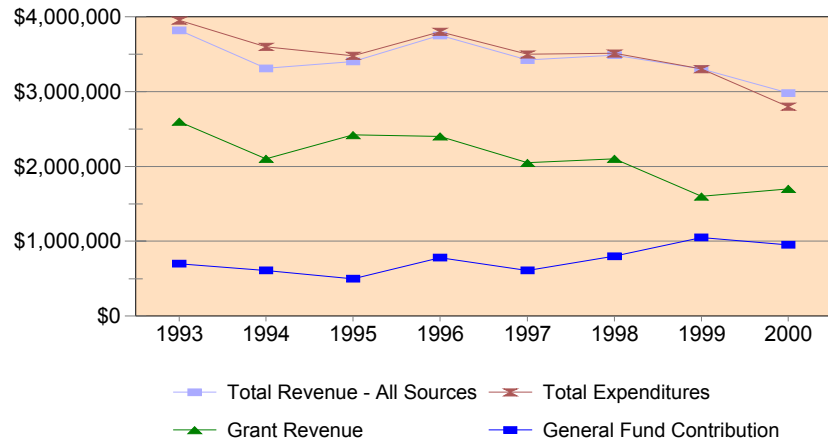
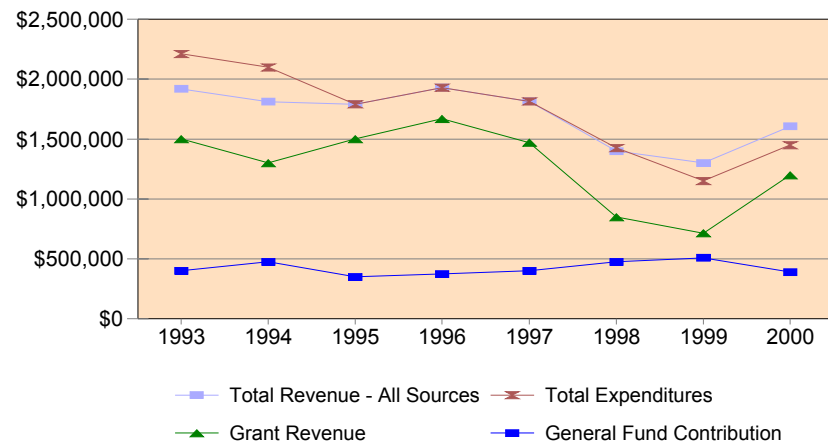


FIGURE 2

**Community Care for the Elderly Grant Activity
for Fiscal Year 1993 through Fiscal Year 2000**



program during FY 1999 seems likely to have been the direct result of a reduction of similar magnitude in grant revenues that year. Taken together, the two graphs suggest that the county is spending less on senior programs in real terms than it did eight years ago, but paying a larger portion of the costs, while state and federal grant support has declined. The reasons for these trends

could not be determined entirely. During a June 2001 meeting, staff of AAA advised the study team that program service providers should not anticipate growth in grant funding for future years beyond growth in the Consumer Price Index. However, even that low growth rate would contrast with the historical decline in grant revenues since 1993. In either case, it is likely that county overmatch contributions will grow at a faster pace than will grant funding, especially if DOSS increases units of service to meet client demand or for other reasons.

There is no recognizable relationship between the fiscal year 2001 budget for the OAA grant as reflected in LGFS and the amount of the grant award

OAA grant program operating costs for fiscal year 2001 identified on Board agenda items, Service Provider Applications and grant agreements total \$2,913,299. Combined expenditures budgeted in LGFS fund nos. 169 and 177 for the same fiscal year total \$3,933,852. The budget for the OAA grant program therefore exceeded operating costs by more than \$1.02 million, or 35%. The study team speculates that part of the difference may be attributed to application of dissimilar cost allocation methods during preparation of the grant application and the department's annual budget. This could not be confirmed from information provided by department staff.

Significant variances exist between budgeted and actual revenues and expenditures for fiscal year 2001 at year-end

As of October 9, 2001, only 62.3 percent of budgeted OAA revenues and 70.3 percent of budgeted OAA expenditures had been recognized in the county's financial management system for fiscal year 2001 (*Appendix 9*). It could not be determined whether this condition is due solely to a delay in recording grant expenditures and processing reimbursement claims for the year, or whether DOSS budgets in LGFS fund nos. 169 and 177 are actually that much higher than necessary.

There may be an historical pattern to these variances. Ernst & Young, the county's external auditors, commented on the grants closing process in use at the Community Service Department in their management letter for audit of the fiscal year ended September 30, 2000 (*Appendix 10*). Specifically, the auditors stated, "We noted that several funds used to account for grants were not closed-out in a timely manner." They went on to recommend, "The county should review the current closing process relative to grant reporting and, if necessary, implement additional policies and procedure to ensure all grant expenditures are recorded on a timely basis." Department management's response concurred. "The county will review the current closing process and implement policies and procedures, including a review of due dates, to insure that all grants are close in a timely manner."

The Division's unit cost calculations for grant-supported program services vary widely within the same year

Because not all grants share a universal period of coverage, individual grant applications are filed throughout the year. The study team noted that there were significant variations in unit costs being reported by DOSS throughout the year, but that there was no audit trail to identify the origins of either the operational costs or the number of units of service used in making those grant calculations. Table 9 below illustrates these variations for grant applications filed during the 12-month period June 2000 to June 2001.

TABLE 9

DOSS Unit Costs of Service Vary Widely Even Within the Same Year

Program Service	DOSS Unit Costs CCE Grant (June 2001)	DOSS Unit Costs OAA Grant (December 2000)	DOSS Unit Costs CCE Grant (June 2000)
Case Management	\$52.62	\$46.85	\$52.39
Homemaker	19.20	20.48	
Transportation	6.56	5.21	6.54
Congregate Meals	5.23	3.70	5.04
Nutrition Education	6.60	7.01	4.61
Outreach	34.84	34.65	28.56
Home Delivered Meals	4.83	4.18	3.60
In-Facility Respite	10.56	60.89	10.06
Respite	23.06	28.90	
Personal Care	21.96	27.97	
Chore (HD)	10.48	20.60	21.50
Adult Day Care	11.88	11.09	10.06
Emergency Alert	1.68	1.22	1.10
Risk Reduction	91.48	71.59	113.61
Case Aid	34.60	8.10	33.86
Pest Control	39.83	75.23	39.82
Legal Services	Not listed	75.23	168.03
Caregiver Training	Not listed	75.23	116.58
Supplies/Services—Medical	124.68	44.51	124.52
Home Repair	13,429.00	75.23	
Companionship	21.74	1.55	
Shopping	20.96	20.15	

With the exception of DOSS program cost information provided for the fiscal year 2002 CCE grant SPA, filed in June 2001, documentation and other explanatory workpapers regarding methodology utilized for deriving program costs were not available to the project consultant. Apparently, DOSS service levels and costs are estimated each year once as part of the departmental budgeting process, and again on an actual cost basis each time an individual grant SPA submission is filed during the year. Because both the DOSS budget and individual grant applications are ostensibly predicated on the same annual service delivery plan of the division, there should be an expectation that unit costs would not vary so significantly during any given year.

Existing contracts with outside service providers contain provisions that allow the county to terminate the contracts with or without cause upon written notice

DOSS currently has two contracts with outside service providers—one for “Congregate and Home-Delivered Meals” (Contract No. R2000 1939) and one for “In-Home Services” (Bid No. 01-166/KM). Both contracts are for terms of one year with options to renew for an additional twelve months. Additionally, both contracts allow for increases and decreases, without penalty, in the quantity of services ordered, provided contractors are given proper notice. The contracts contain not-to-exceed dollar limitations that are estimates of anticipated service demand, but payments to contractors are made on a reimbursement basis for services actually provided to DOSS clients. Thus, it would be possible to reduce overmatch by reducing contract service units.

In general, DOSS has been able to meet established performance goals

On a year-to-date basis for fiscal year 2001, the Senior Aides program has been able to meet both goals for the proportion of program participants employed in unsubsidized positions. With the exception of its Medicaid Waiver authorization, DOSS has been able to expend all grant funds awarded to it through December 2000. Medicaid Waiver authority was not fully expended during each of the two successive years ending with fiscal year 1999. Semi-annual monitoring reports on DOSS have historically yielded only minor case management issues and/or highlighted the need for additional documentation required by a client file. AAA management intervention into DOSS operations has not been necessary.

DOEA outcome/output measures and specific attainment goals are not available to DOSS prior to submission of grant applications for CCE and OAA grants

While DOEA and AAA have not imposed penalties or taken other punitive action when outcome/output measures are not met, the lack of advance knowledge relating to the basic criteria by which service provider performance will be evaluated precludes providers from being able to guarantee that specific state program goals are correctly emphasized in the annual provider work plan.

As a result, DOSS staff may have to alter their initial emphasis on individual program services after funding priorities and subcontractor commitments have already been established and/or attempt to achieve target levels of service that are not realistic or consistent with local priorities.

RECOMMENDATIONS

Recommendation 1: It is recommended that the department adopt a more integrated, comprehensive planning approach for the delivery of senior services and the identification and budgeting of associated costs

The absence of a coherent, comprehensive planning approach to the various grant-supported programs administered by the division causes inconsistent and potentially inaccurate financial management, and leads to an incomplete understanding by department managers and policy-makers of the true cost implications of these programs on the county. It is imperative that a well thought-out and integrated planning process be established to overcome this condition. At a minimum, we recommend that the department take the following specific steps.¹⁶

1. Prior to the beginning of the annual budgeting process, Community Services staff should conduct planning sessions to develop a service plan for the upcoming year. Each of the following elements should be included:
 - A trend analysis should be prepared of actual DOSS program service levels and associated costs for the past several years;
 - Expected future program cost escalation associated with the current levels of service should be identified. Specific cost components contributing to anticipated escalations of cost should be quantified;
 - Identify specific areas in which increased client needs are perceived or anticipated;
 - Estimate the additional costs associated with increased client service levels;
 - Investigate and attempt to determine the availability of future grant funding;
 - Consider possible limitations on current and potential future overmatch funding by the BCC within the county's existing budgetary constraints and political atmosphere. Forecasts of recommended future service levels, their associated costs. And anticipated grant revenues for the next several years should be prepared to complement the historical trend analysis. This will

¹⁶ The recommendation for an overall planning approach of the sort described was discussed with the DOSS Director on August 23, 2001.

provide management with a perspective on anticipated program growth and expected funding demands.

The objective of these planning sessions would be to establish a tentative strategic plan for the upcoming fiscal year, in order to provide the highest level and best “mix” of client services based on the identification of realistic funding levels

2. A presentation including trend and forecast information should then be made to the department director and assistant county administrator to obtain administrative direction regarding future service delivery and funding at the division level (i.e., across all grants). Maintaining discussion at the division level will help ensure that the unintended consequences of piecemeal decisions made on a grant-by-grant basis will be minimized.
3. Based on administrative direction received, the required DOEA “Unit Costing Methodology” spreadsheets and DOSS operating budget should be prepared.
4. The completed Unit Costing Methodology spreadsheet should be used for all grant applications submitted during the course of the fiscal year. The sum of all service delivery and cost totals contained in individual SPAs should thus equal the service delivery and cost totals identified on the Unit Costing Methodology spreadsheets.
5. Documentation should be provided for all assumptions and data sources used throughout this process.

Recommendation 2: It is recommended that the department investigate the potential of applying the county’s share of any additional federal or state funding allocations to reduce existing county overmatch funding of DOSS grant programs

In a July 2001 press release, DOEA announced that an additional \$48 million of state funds and \$22 million of federal funds would be available for senior programs statewide (Appendix 1). While the exact allocation of these additional funds to specific grant programs is not net known, the availability of these funds to Palm Beach County could conceivably be used to reduce the county’s overmatch, at least to pre-1999 levels. We recommend the department pursue that option.

Recommendation 3: It is recommended that the department reduce the difference between the annual budget and grant amounts awarded under the Older Americans Act program

There is a sizable variance between the amount that DOSS budgets for its grant program and the amount of its actual grant award. While the budget is only an estimate of anticipated grant funding, the difference between the budgeted amount and the actual approved grant funding should be less than the 35 percent experienced in fiscal year 2001. If the difference in these amounts is due to the use of dissimilar cost allocation methods in preparing grant SPAs on

one hand, and preparing the annual program budget on the other, the budgeting model should be modified to more closely reflect true grant reimbursable costs.

Recommendation 4: It is recommended that a follow-up resource utilization study be conducted of the DOSS program to identify opportunities for operational improvements

Division administrative and operational support costs comprise a significant part of the overall cost structure of DOSS grant programs. At more than fifty percent, these overhead costs are far above similar costs encountered elsewhere. Any savings resulting from process improvements could be used to provide additional direct client services or to reduce future overmatch requirements.

IMPLEMENTATION PLAN

This final section of the report contains a suggested plan for the implementation of study recommendations. The recommendations contained in this report can be adopted without additional cost, requiring only an increased investment of administrative time and attention. Each recommendation is restated in the table below, along with a proposed implementation timetable, identification of individual(s) responsible for implementation, and a summary of the estimated costs and/or anticipated service impacts. The recommendations are listed in the same order as they were presented earlier in the report.

TABLE 3

Proposed Plan for the Implementation of Study Recommendations

Recommendation	0-3 Months	3-6 Months	6-12 Months	Implementation Responsibility	Comments
1. Adopt more comprehensive planning	X	X	X	DOSS Director	Produce strategic plan that accounts for changing levels of demand and program funding, while providing county administration/BCC with relevant information re: program growth and need
2. Use additional federal/state funding to reduce overmatch	X	X	X	Assistant County Administrator	May be able to reduce county contribution rate to pre-1999 level. Timing depends on availability of funds.

DOSS PERFORMANCE AND OVERMATCH

Recommendation	0-3 Months	3-6 Months	6-12 Months	Implementation Responsibility	Comments
3. Reduce difference betw. budget and grant award amounts		X		DOSS Director Fiscal Manager	May involve a complete review of departmental cost allocation plan. Should begin immediately with FY 2003.
4. Conduct follow-up resource utilization study			X	Assistant County Administrator	MPA or outside consultant

December 19, 2001