

- 
- MENTAL HEALTH
 - DEVELOPMENTAL
DISABILITIES &
 - SUBSTANCE
ABUSE

NORTH CAROLINA COUNCIL OF COMMUNITY PROGRAMS

Status of Council Action:

*Developed by Finance Officers Forum under the direction
of Management Systems Workgroup*

4/12/07: Endorsed by Area Directors Forum

6/5/07: Adopted by Council Board of Directors

Position Statement: Flexible Funding

Council Position:

The NC Council membership supports having a funding system in place that ensures that the needs of the community drive the service mix rather than the budget determining what the service mix will be.

Issues:

There are several policy-related and processing-related issues that may be in place to ensure that money is spent as intended, but actually serve as barriers to the expeditious transfer of funds to the service delivery system.

Policy issues related to allocating and expending funds:

- The lack of statewide data to determine service needs across catchment areas in combination with the limited transfer allowance result in the budget driving the service mix rather than the needs in the community driving the service mix. The limit on the transfer of funds (15% and by disability) does not allow the LME flexibility to put funding where it is needed in the catchment area.
- The criteria for the 15% limit on the transfer of funds is extensive and confining yet the amounts allowable for transfer are not substantial.
- There are issues with the structure of the IPRS. For example, the hierarchy for the new crisis funds did not coincide with the way

consumers' services flow making it difficult to use the funding for services until the hierarchy was revised.

- Some providers choose not to provide State-funded services because of the lack of funds, realignments and policy changes. This creates a local challenge in ensuring the services are available. Some LMEs have issued RFPs with no responses.

Processing issues related to getting the money into the service delivery system:

- After the budget is passed, the allocations are processed, and the formulation of allocation letters at the State level generally takes several weeks. For instance, the final allocation letters for SFY 07 were issued on August 30 but could possibly not have been approved by Area Boards until October because of their meeting schedule. Of course, the funds are allocated on a full year basis.
- Policies and parameters for expending funds, rates, etc, are published, sometimes subsequent to the final allocation.
- The LMEs are required to seek Area Board approval for their budgets when the Area Board meets and then also seek approval for budget revisions if the funding is not going to be expended as projected. Some Boards of County Commissioners must also approve the budget adding more time on the processing.
- The LMEs have to ensure their contracts are in place with providers in order to expend the funds. In the case of new funding, they may have to solicit and train providers for the service. LMEs work to have this done when allocations are distributed but some services can be difficult to establish quickly.
- Once the providers are in place and the services begin, the provider must submit their claim and the LME must bill to IPRS taking additional weeks before the expenditure is shown in data. If allocations are received late in the fiscal year, the LME could possibly encounter IPRS billing deadlines for the end of the fiscal year resulting in the inability to draw the very funds that were just allocated.

Recommendations:

1. Develop and implement a uniform system for flexible funding. Eliminate the 15% limit on the transfer of funds and the restriction of transfer within a disability while keeping other accountability measures in place, e.g. Area Board approval for budget and budget revisions.
2. Replace IPRS with a statewide reporting system with local interface capability with existing LME systems that allows for data gathering to assist the legislature, State and LMEs in determining the pattern of service use of each community across the state.
3. Until flexible funding is realized, ensure the allocation and realignment of funding is a joint partnership between the State and LMEs. An open and ongoing dialogue between the State and LMEs will help LMEs to reconcile the State funding with their local plans. It will further assist the State in more accurately projecting need for realignment and changes in policy.

4. In the interim period until IPRS is replaced, ensure the policy development around new and specific funding is a joint partnership between the State and LMEs. An open and ongoing dialogue between the State and LMEs should occur on issues around IPRS hierarchy and service definitions/target populations so that the funding reaches the communities as soon as possible with no delays from the implementation process.
5. The DMH and the Council to develop standardized parameters for accountability purposes. In the upcoming years there should be the development of global benchmarks for the purpose of measuring outcomes.