

D SPONSOR EARNINGS REPORTS

A SPONSOR'S PERSPECTIVE

PURPOSE

- Allow sponsors and state staff to:
 - (1) Track administrative expenditures.
 - (2) Review and reconcile those administrative expenses against the approved budget.
 - (3) Determine if the administrative expenses claimed are authorized in the approved budget.

Note: State staff review this report and contact sponsor if issues are noticed.

TWO OPTIONS

- DCH sponsors may claim reimbursements based on one of two options.

Option 1 – Lesser of (actual administrative expenses and $H \times R$ without going over total approved budget amount); or

Option 2 – Homes Times Rate ($H \times R$).

Note: Sponsors can choose their payment method at renewal each year, and may switch only 1 time each year.

Lesser of Option

Claim Information – LESSER OF

- Column A contains the month/year of claim.
- Column B contains the claim number for each month (0= original; 1= 1st revision; 2= 2nd revision, etc.).
- Column C contains the date the claim was submitted.

CLAIM LIMITATIONS – LESSER OF

- Column D contains the total number of homes claimed.
- Column E contains the H x R reimbursement amount.
- Column F contains the reported actual administrative expenses for that month.

EARNINGS STATUS – LESSER OF

- Column G contains the Year-to-Date (YTD) LOWEST amount between $H \times R$ and actual administrative expenses.
- Column H contains the total YTD payments through the month's claim.
- Column I contains the amount of administrative earnings for the month. This amount is calculated by subtracting Column H from Column G.

EARNINGS STATUS CONT. – LESSER OF

- Column J contains the amount of meal earnings for the month.
- Column K contains the total adjusted amount for the month (between revisions of the same month). Amount will appear on report in next month to be paid out. Adjusted amounts will also appear in the next payment.
- Column L contains the total reimbursement about for the month (monthly admin. earnings + monthly meal earnings + or – any adjustments).

ACTUAL ADMIN. EXPENSES < H x R

- Not using enough available funds. Sponsors should access their budget to make sure they are claiming all approved/allowable expenses (increase costs).

ACTUAL ADMIN. EXPENSES > H x R

- Any excess administrative expenses will be carried over to subsequent months in the same fiscal year.
- If the actual expenses are significantly higher, look carefully at any administrative expenses before they are incurred, or sponsor might end up owing the CCFP money at the end of the year even after the carryover is factored out.
- Check to see if other funding sources are available to offset any administrative expenses over the approved budget amount.

H x R Option

CLAIM INFORMATION – H x R

- Columns A through D are the same as those on Lesser of report.
- Column E contains the reported actual administrative expenses for that month.
- Column F contains the H x R amount.
- Column G contains the monthly meal earnings.

CLAIM INFORMATION CONT. – H x R

- Column H is the monthly total adjustment (between revisions of the same month). Amount will appear on report in next month to be paid out.
- Column I contains the monthly total reimbursement.
- Column J contains any carryover expended that month (carryover will be explained later in presentation).

ACTUAL ADMIN. EXPENSES < H x R

- Not using enough available funds. Sponsors should access their budget to make sure they are claiming all approved/allowable expenses (increase costs).
- If costs cannot be increased, sponsor needs to monitor budget to see if H x R amount continues to be more than actual administrative expenses. If so, sponsor should contact the assigned Financial Specialist to discuss switching to Lesser of option.

ACTUAL ADMIN. EXPENSES > H x R

- If the actual administrative expenses are significantly higher, carefully review administrative expenses before they are incurred. If the costs are still significantly high after 2 or 3 consecutive months, sponsor should consult with their assigned Financial Specialist.
- Check to see if other funding sources are available to offset excess administrative expenses over the approved budget amount.

SHARED RULES

- Sponsor Earnings Reports should be reviewed monthly.
- All administrative expenses must be allowable, incurred and documented.
- Make sure the claimed administrative expenses are **actual** and **documented** for each month. No 2 consecutive months should be exactly the same.

SHARED RULES CONTINUED

- Compare the actual administrative expenses in Column F to the H x R amount in Column E (if Lesser of), or Column E to F (if H x R). These 2 amounts should be different.
- If the amounts are the same, either the actual administrative expenses were not reported, or costs were reported up to the H x R limit.
- Any excess administrative expenses will be carried over to subsequent months in the same fiscal year.

CLAIM REVISIONS

- It is the sponsor's responsibility to submit accurate claims each month.
- Administrative expenses revisions should be done only when necessary.
- Acceptable reasons for administrative expenses revisions:
 - (1) Forgot to include a permissible expense.
 - (2) Waited on supporting documentation for a particular expense.

YTD REMAINING BUDGET AMOUNT

- Check the remaining budget amount at the left bottom of the report to make sure the YTD reimbursement leaves an appropriate amount for the remainder of the fiscal year. If the remaining amount is too high or low a budget amendment may need to be submitted. Contact your assigned Financial Specialist for technical assistance.
- Remember that the YTD reimbursement for administrative expenses cannot exceed the amount approved in the budget.

MAXIMIZING REIMBURSEMENTS

- To maximize and effectively use administrative reimbursements the actual administrative expenses should be close to the $H \times R$ amount.

LAST QUARTER OF FISCAL YEAR

- A budget amendment may be required if the number of DCHs has significantly decreased.
- H x R sponsors need state approval prior to carrying over excess funds to next fiscal year.
- If carryover not approved, the excess monies must be paid back to the CCFP.
- Lesser of sponsors not permitted to carry over funds to subsequent years.

CARRYOVER FUNDS

- Only permitted when using the H x R option.
- Maximum carryover amount is 10% of anticipated earnings for the whole year.
- Shown in Column J of the H x R report. The report will track remaining carryover funds until entire amount has been used.
- Strongly recommended that sponsors use the carryover funds early in the current year.

BUDGET AMENDMENTS

- Only 4 permitted each year.
- The deadline for submitting budget amendments is August 31.