

STATE OF WISCONSIN  
Department of Health Services  
Division of Long Term Care

**DLTC Numbered Memo Series ACTION: 2014-02**

**Date:** July 7, 2014

**Index Title: Revised MOE Requirements for Wisconsin Birth to 3 Program  
Replaces DLTC Numbered Memo 2010-03**

To: Listserv

For: DHS Area Administrators/Human Services  
County Department of Community Programs Directors  
County Departments of Human Services Directors  
County Departments of Social Services Directors  
County Birth to 3 Program Administrators and Coordinators

From:

Brian Shoup  
Administrator



Subject: Revised Reconciliation Report and Maintenance of Effort  
Requirements for Wisconsin County Birth to 3 Programs

### **Document Summary**

This memo explains revisions to the Reconciliation Report and Maintenance of Effort (MOE) processes required for county Birth to 3 Programs. These revisions include a change in the definition of MOE from county funds to "local funds," which increases the funding categories counties may use to meet the annual MOE. This will reduce the burden on counties related to the MOE requirement.

### **Background**

The Department of Health Services (DHS) is the lead agency under Part C of the Individuals with Disabilities Education Act (IDEA) for the administration of the Wisconsin's Birth to 3, early intervention system. The DHS is also the entity responsible for assigning financial responsibility among appropriate agencies to ensure the state complies with all aspects of the Part C IDEA requirements. As a part of these requirements, DHS must provide assurances that federal funds made available for early intervention services will not supplant state and local funds. The DHS must ensure that funds budgeted and expended under IDEA Part C are at least equal to the total amount of funds actually expended for early intervention services in the most recent preceding fiscal year for which the information is available. The specific citation regarding these requirements is included below:

#### **§ 303.225 Prohibition against supplanting; indirect costs.**

(a) Each application must provide satisfactory assurance that the Federal funds made available under section 643 of the Act to the State:

- (1) Will not be commingled with State funds; and
- (2) Will be used so as to supplement the level of State and local funds expended for infants and toddlers with disabilities and their families and in no case to supplant those State and local funds.

(b) To meet the requirement in paragraph (a) of this section, the total amount of State and local funds budgeted for expenditures in the current fiscal year for early intervention services for

children eligible under this part and their families must be at least equal to the total amount of State and local funds actually expended for early intervention services for these children and their families in the most recent preceding fiscal year for which the information is available. Allowance may be made for—

- (1) A decrease in the number of infants and toddlers who are eligible to receive early intervention services under this part; and
- (2) Unusually large amounts of funds expended for such long-term purposes as the acquisition of equipment and the construction of facilities.

The Division of Long Term Care (DLTC) implemented revisions to the Birth to 3 Program Reconciliation and Maintenance of Effort processes to comply with the requirement detailed above, as clarified by the U.S. Department of Education, Office of Special Education Programs, through DLTC Numbered Memo 2010-03, dated January 10, 2010. DLTC Numbered Memo 2010-03 has been rescinded with the issuance of this memo. This memo includes revisions to the county Birth to 3 Program Reconciliation Reporting process and MOE process.

### **Changes to Reconciliation Report and Maintenance of Effort Processes**

The county Birth to 3 Program Reconciliation Reporting process and Maintenance of Effort calculation will be based upon fiscal data gathered between 2010 and 2013. The process described below adds flexibility for counties to exercise control over the funding used to satisfy the MOE amount.

#### **1. Definition of “Local Funds”**

The Reconciliation Reporting process, defined in DLTC Memo 2010-03, permitted only the two categories of funding, as noted below, as “local funds” to determine the county meets its required MOE amount for a given calendar year:

- Line A: Community Aids; and,
- Line B: County Funds.

This updated memo provides a more comprehensive definition of “local funds” to determine if a county Birth to 3 Program meets its established MOE requirement. This adds the following categories to those noted above:

- Line C: Revenues from Medicaid;
- Line D: Revenues from Private Insurance;
- Line E: Parental Cost Share; and,
- Line F: Other funds.

This comprehensive definition of local funds creates flexibility for counties to increase, or diversify, revenue sources to support expenditures of Birth to 3 Program services and to meet the MOE. Under the new criteria of local funds, county funds may fluctuate based upon fluctuations of other revenue sources also included in this category (e.g., Medicaid or other funds) as long as the total sum of local funds meet the MOE requirement each calendar year.

The Birth to 3 Program Reconciliation Report (F-00388) and Reconciliation Report Instructions (F-003881) has been revised to reflect the changes described above (see Attachments 1 and 2).

#### **2. Calculation of Annual Maintenance of Effort Amount**

The comprehensive local funds total from the Revenue section of the CY 2013 county Birth to 3 Program reconciliation report (Lines A and B as noted above) establish the new and ongoing county MOE amount. This revision provides counties a predictable MOE requirement for future years.

### 3. Required Provider Report of Revenue

The Birth to 3 Program Provider Report of Revenue (F-00389) will be a required document beginning with CY 2014. This report will assist DHS in meeting the federal requirement of assuring appropriate use of funds for provision of the Birth to 3 Program in Wisconsin. The Provider Report of Revenue amounts will not be used to determine local county's MOE amounts. The form requires private providers to report revenues from Medicaid, private insurance, and any parental cost share funds that are not accounted for on the county Birth to 3 Program Reconciliation Report (see Attachment 3).

#### Action Summary Statement

1. This updated definition of local funds will apply to the CY 2013 Reconciliation Report currently in process to provide counties immediate flexibility for funding sources applied to meet the annual MOE requirement established for county Birth to 3 Programs.
2. County Birth to 3 Programs will be allowed to review their CY 2013 Reconciliation Reports and submit adjusted reports using the attached revised form.
3. The deadline for submitting revised CY 2013 County Birth to 3 Program Fiscal Reconciliation Reports to DHS, based upon the policy changes described in this memo, is **no later Friday, July 18, 2014**.
4. The requirement for Provider Report of Revenue and inclusion of Medicaid funds is effective beginning with the CY 2014 Reconciliation Reporting process.

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MEMO WEB SITE: [http://www.dhs.wisconsin.gov/dsl\\_info/NumberedMemos/NMemos\\_index.htm](http://www.dhs.wisconsin.gov/dsl_info/NumberedMemos/NMemos_index.htm)

#### Attachments

- Attachment 1: [County Birth to 3 Program Fiscal Reconciliation Report \(F-00388, revised 04/2014\)](#)
- Attachment 2: [County Birth to 3 Program Fiscal Reconciliation Report – Instructions \(F-00388I, revised 04/2014\)](#)
- Attachment 3: [Birth to 3 Program Provider Report of Revenue \(F-00389, revised 04/2014\)](#)

cc: Bureau of Fiscal Services