Section 5 – Payment Module
Texas Department of Aging and Disability Services
State Unit on Aging

Allocation of Funds to Area Agencies on Aging

Depending on the source of the funds, the State Unit on Aging (SUA) allocates funds to Area Agencies on Aging (AAAs) using one of three methods:

1. Allocations based upon approved intrastate funding formula. Older Americans Act funds received through the Administration on Aging (AoA) including Title III, Title VII, Nutrition Services Incentive Program (NSIP) and State of Texas Appropriations (General Revenue).
2. Request for Proposals or Applications from AAAs for funds awarded to the state by the Centers for Medicare and Medicaid Services (CMS), AoA – Disaster Relief and General Revenue - Housing Bond fees collected.
3. Allocations of prior year unexpended AAA allocations (Title III and Title VII) based upon the requirements outlined in 40 TAC §85.502.

Allocations Based on Funding Formula

Federal Allocations to SUA

As with most federal funding awards, the amount and timing are based on annual budget approval. The first award received each fiscal year is usually during the first quarter. The first award is often based on a continuing resolution and can range from 1/12th to 1/4th of the projected annual award. Depending on the timing of the federal budget approval by the President, the SUA may receive multiple continuing resolution awards.

When the budget is approved, the United States Department of Health and Human Services Administration on Aging (AoA) reserves a portion of funding for special projects and disaster assistance. The remainder of the Older American Act funds are allocated to states and territories based upon an interstate funding formula. Prior to the end of the fiscal year, any unallocated special project or disaster funds are allocated to the states based upon the same interstate funding formula.

The AoA uses two different funding formulas for allocating funds. The first formula is based on census information and includes elderly population, minority and poverty factors. This formula is used to allocate Title III and Title VII funds. The second funding formula is used to allocate Nutrition Services Incentive Program (NSIP) funds to the states and is based on the number of eligible meals reported by states in the prior year.

Because states are not required to finalize their reported meal counts until March of the following year, partial allocations of NSIP funds based on prior year reported numbers are made to states in the beginning of the year. Multiple preliminary allocations may be provided to the states. In addition, adjusted annual allocations may be made based on revised projections.
State Appropriations to the SUA

As with all state agencies, general revenue funds are appropriated through the General Appropriations Act.

SUA allocation of Central Administration Funds

The amount of funds available to the SUA for administration is based on the Older Americans Act and is limited to Title III and GR funds. The calculation of the amount of funds available for administration is included in the Excel workbook used to allocate funds to AAAs.

SUA allocations to AAAs

The SUA allocates Title III, Title VII, and General Revenue (GR) to the AAAs based upon an approved interstate funding formula. The current funding formula was approved by the Texas Board on Aging in fiscal year 2002 and is contained in 40 TAC §85.501.

The Older Americans Act requires states to provide matching funds for Title III funds allocated to AAAs. Currently the state legislature appropriates more funds to the Departments AAA services strategies than is required for match.

The allocation of NSIP funds is based upon the number of eligible meals reported by AAAs and Provider Services Title XX providers during the previous fiscal year. As the final number of meals is not certified by AAAs until the contract closeout is completed, preliminary numbers are used for the initial allocations. After year-end closeouts are completed, revised NFAs may be required.

Request for Proposal or Application

The SUA receives either through appropriation or grant award special funds that are allocated to AAAs based on requests for proposal or application.

In recent years, the SUA has received awards from CMS that have been allocated to AAAs through RFP. In order to ensure that all of the funds awarded to the state are expended, the AAA awards contain a clause that allows the SUA to reduce the award and award the funds to other AAAs if the conditions of the award are not met. For this reason reallocation NFAs may be issued reducing and/or increasing NFAs to AAAs.

The legislature through the Texas Housing Finance Corporation Act, Section 394.902(b) provides the SUA with authority to allocate housing bond fee funds to AAAs to support the modification and/or repair of homes occupied by older Texans. These funds are allocated based on a request for proposal process. These awards also contain a clause allowing the SUA to reduce the award and allocate the funds to other AAAs if the conditions of the award are not met. For this reason reallocation of NFAs may be issued reducing and/or increasing NFAs to AAAs.

AoA has the authority to allocate funds to states that have experienced disasters receiving a Presidential declaration. These funds are limited to the counties involved in the disaster and must be applied for. The SUA coordinates requests from AAAs in the eligible counties and prepares a request for funding. When the notification of award is received the SUA allocates the funds to the AAAs based on their approved applications.
Allocation of Prior Year Unexpended AAA Allocations

The SUA has two year spending authority over Title III and Title VII funds. In order to ensure funds are expended within the allowable time, the Department adopted TAC §85.502. The process for administering carryover allows the SUA to reallocate unexpended Title III and Title VII funds after the contract closeout process is completed.

The internal process used by the SUA to allocate funds is as follows:

Level Funding

The Department recognizes the financial difficulties area agencies on aging (AAA) experience providing services with minimal funding prior to federal budget approval. To assist AAAs in meeting the needs of local communities, the Department will provide the AAAs limited funding until federal funds are available for distribution. This limited funding will level the monthly amount of funding available to the AAA.

Each month AAAs will receive a Notice of Funds Availability (NFA) equal to one-twelfth of their prior year Title III and Title VII NFA funding total. Level funding NFAs will be issued the first working day of each month until the Department receives Title III and Title VII awards equal to or exceeding 75% of the Title III and Title VII awards received in the prior year. When federal funding is available, level funding NFAs will cease and the Department will calculate the variance between year-to-date level funding NFAs issued and federal fiscal year (FFY) funding formula awards. NFAs for the balance of FFY awards will be issued to AAAs. Any additional Title III and Title VII awards received will be allocated to AAAs based on the funding formula.

State General Revenue will be allocated to AAAs the beginning of the fiscal year. Funding for Nutrition Services Incentive Program (NSIP) will be allocated to AAAs when funding is received by the Department. CMS and Housing Bond will continue to be awarded through the request for proposal process.
Allocations based on Awards or Grants received by the SUA
Notification of funds available are received by the agency
  ● The original of the notification is provided to the Fiscal office for inclusion in the permanent grant file
  ● A copy of the notification is provided to the Access & Intake – AAA Section for preparation of the allocations
    a. If the allocation is by funding formula no additional information is required.
    b. If the allocation is by RFP or application a worksheet showing the allocation is provided with the award from the special grants staff.

Allocation of unexpended prior year AAA Allocations
After the closeout reports are approved a closeout carryover calculation worksheet is prepared by Access & Intake – AAA staff.

Process common to all allocations
  ● Using an Excel workbook, which contains a series of worksheets that contain funding formula information, an allocation of funds to AAAs is calculated
  ● The allocated amounts are imported into an Access database
  ● Notifications of Funds Available (NFAs) reports for AAAs are printed from the database
  ● A summary report of NFAs is also printed
  ● Reports are verified to the award document and allocation worksheet
  ● The preparer signs and dates the summary document
  ● The Section Manager of the Access & Intake AAA signs the NFAs and summary document
  ● A memo to the AAAs is prepared
  ● The memo and NFAs are faxed to the AAAs
  ● Copies of the NFAs and memo are provided to the Access & Intake AAA fiscal coordinator for use in updating AAA available funding records
  ● Copies of the NFAs, fax confirmations and memo are returned to the preparer for inclusion in the NFA file
  ● The original NFAs and memo are mailed to the AAAs
  ● The preparer notifies the AAAs by e-mail that the NFAs have been faxed
  ● The preparer maintains files of all documents used to prepare NFAs
Texas Department of Aging & Disability Services

Instructions for Preparing a Request for Reimbursement (RfR) & Request for Adjustment Journal (RfAJ) & Refund

Introduction:

RfRs are supported by Notice of Funds Available (NFAs) issued to an Area Agency on Aging by the Department. For this reason, the Department will not make payments to AAAs prior to the issuance of a NFA or pay in excess of funds available under NFAs issued by the Department.

The RfR is a detailed spreadsheet that identifies all allowable services and the funding sources that can be used to support them. Payments to an AAA are limited by the NFAs issued to the AAA and the allowable funding sources for which the service payment is requested. This provides the AAA flexibility in requesting funds at the beginning of the fiscal year when limited funds are available. AAAs that use this flexibility, must ensure RfAJs are submitted to adjust payments to the approved budget funding sources when additional NFAs are received.

All funds appropriated to the Department, and by the Department to the AAAs, are time-limited for expenditure. Please use the information below to ensure funds are expended in the order in which their time limits expire.

1. State General Revenue: SGR must be expended within the state fiscal year appropriated. While not a requirement, SGR should be requested for expenditures for the months of October through August. This will ensure SGR used for match will be reported with the federal funds they are matching. The exception is if the AAA has budgeted SGR under AAA Administration, all federal funds must be expended prior to the use of SGR for expenditures under AAA Administration.

2. Prior Fiscal Year Carry-Over: Title III, Title VII and NSIP awards have a provision for continuation and may be carried over into a second fiscal year in accordance with the Department’s rules for carry-over. Carry-over awards must be spent within the carry-over period.

3. Restricted Federal Funds: Restricted funds such as Title III D, Title III E, Title VII EAP and Title VII OAG can only be spent for services allowed by the award and cannot be categorically transferred to other services.

4. Current Fiscal Year Allocations of Title III-B, C-1, and C-2 Funds: As these funds can be categorically transferred and carried over into the following fiscal year they are considered the least restricted funds. In accordance with re-authorized Older Americans Act, the threshold for categorical transfer has been increased as follows:

- Transfer authority between supportive services and nutrition programs is 30%.
- Transfer authority between congregate and home-delivered meal programs is 40%.

Prior Fiscal year Continuation Awards and Additional/Special Awards are not included in these guidelines as they are restricted in use and can only be requested when the requirements for use have been met.
**Request for Reimbursement:**

The RfR spreadsheet has been developed in such a way that the information may be dropped into a database for future use in data collection, fiscal year comparisons and federal and state reporting requirements. For this reason, the spreadsheet is protected and must not be altered. Should an RfR spreadsheet be modified in any way, including the order of the services on the spreadsheet, the order of funding sources, formatting, lines added or subtracted or formulas changed, the RfR will be rejected. This will result in the RfR being delayed until the next submission deadline.

AAAs should only include their current request on the RfR. The amounts identified under any service should reflect only those funds that support the current amount requested. Negative amounts will not be accepted on the RfR spreadsheet except in the categorical transfer column. If a correction is needed in the funding previously requested for a service(s), the AAA must submit an RfAJ worksheet. Instructions for completing the RfAJ worksheet are included in these procedures.

This section identifies the categories contained in the RfR spreadsheet. The information is presented first by row and then by column.

<table>
<thead>
<tr>
<th>Agency Information:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>➢ Area Agency: Enter the full name of the Area Agency on Aging.</td>
</tr>
<tr>
<td>➢ AAA Number: Identify the AAA number (e.g., Alamo = 83101)</td>
</tr>
<tr>
<td>➢ Reimbursement Request for Services Delivered Through: Identify the latest month ending date for the period the services were provided (e.g., March 31, 2004).</td>
</tr>
</tbody>
</table>

**DADS Funding Sources:**

➢ Current Fiscal Year Allocation: This section identifies the common sources of DADS funding.

➢ Additional Special Awards: Awards issued to AAAs during the fiscal year either through board action or a special application. When awards are issued, DADS will specify the award name, row and cell reference the award is to be listed on and the allowable service(s).

➢ Prior Fiscal Year Carry-Over: This includes federal funds that are carried over in accordance with the Department’s rules for administering carry-over.

➢ Prior Year Continuation Award(s): Disaster Relief funds & CMS funds generally do not follow the same grant period as OAA funding; therefore, this section is to accommodate those funding cycles.

➢ Total DADS Funding Sources: This is a calculated cell that will total the requested amount of reimbursement for the identified service including only allowable funding sources.
Allowable Services: The RfR spreadsheet contains a column for each allowable service. The arrangement of services is based on the level of expenditures in prior years. For each service, the cells for allowable funding sources are open for data input.

Current Request Total: This is a calculated cell that will total the requested amount of reimbursement for any funding source, for all services.

Amount Previously Requested: The AAA will identify the amount of funding previously requested on all RfRs. This amount must be the same as the amount listed in the YTD Current Requested column from the last request submitted by the AAA. These amounts will be verified to ensure that no RfRs are outstanding.

YTD Current Requested: This is a calculated cell that will total the Current Request Total cell and the Amount Previously Requested cell for each funding source.

NFA Totals: The AAA will enter the total NFAs amounts for all current year awards. For Prior Fiscal Year Continuation Awards, the AAA will enter the balance after year-end closeout.

Categorical Transfers: Should an AAA’s RfR for Title III-B, Title III-C1 or Title III-C2 funds exceed the funds available under the NFA Totals column and based on the budget summaries funds are available under any other Title (Title III-B, Title III-C1 or Title III-C2) the AAA must identify the total amount of funds to be transferred. The total for this column must equal zero.

NFA Totals After Categorical Transfers: This is a calculated cell that will total the NFA Totals cell and the Categorical Transfers cell for each funding source.

Available Balance After Current Request: This is a calculated cell that will subtract the YTD Current Requested from NFA Totals After Categorical Transfers for each funding source.

**Submitting Requests for Reimbursement:**

The RfR spreadsheet must be submitted by e-mail to the DADS Reports mailbox at T3Areports@dads.state.tx.us. To readily identify this submission in the DADS Reports mailbox, the e-mail subject line should contain the AAA’s identification number, RfR, and the Monday date (e.g., 83108 RfR 10/29/01). RfRs must be received no later than 8:00 a.m. on Monday morning to qualify for payment by Friday of the following week.

Only one RfR per week will be accepted from each AAA. Submission of multiple requests will cause a delay in payment. During the process of closing a fiscal year, an RfR can be submitted for both the new and closing year at the same week.

RfRs for special awards may require additional information (e.g., narrative of activity, report of services provided). Before the RfR for special awards will be approved, the AAA must submit the required documentation. To avoid delay in payment the required documentation must be submitted in accordance with the RfR deadline.
**Request for Adjustment Journal:**

If a AAA determines that an error exists with a funding source/service combination and an adjustment cannot be made on the current RfR without causing a cell in the reimbursement request to be negative, a Request for Adjustment Journal is needed.

The Request for Adjustment Journal spreadsheet is identical to the RfR spreadsheet with the exception of two cells. These include the name of the document and Adjustment for RfR for Services Delivered Through.

- Adjustment for RfR for Services Delivered Through: It is imperative that the AAA identify the RfR Reimbursement Request for Services Delivered Through period. For example:

  A RfR was submitted and paid for the period 11-30-01. While preparing a RfR dated 12-31-01, the AAA discovers the need for an adjustment journal. The AAA must determine which RfR the adjustment must be based on. If the adjustment must be made prior to payment of the 12-31-01 RfR, the adjustment would be based on the 11-30-01 RFR. If the adjustment will not affect the 12-31-01 payment, the adjustment can be based on the 12-31-01 RfR and can be completed after the payment is made.

Under the DADS Funding Sources the AAA will identify the amount of funds to be increased as well the amount of funds to be decreased for the service requiring an adjustment. In the example below, an AAA made an adjustment to increase the funds expended under Title III-E and to decrease the funds expended under Title III-B. Please note, the Total DADS Funding Sources balances to zero.

<table>
<thead>
<tr>
<th>DADS Funding Sources</th>
<th>Care Coordination</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Fiscal Year Allocations:</strong></td>
<td></td>
</tr>
<tr>
<td>Title III Administration</td>
<td></td>
</tr>
<tr>
<td>Title III-E</td>
<td>(6,000)</td>
</tr>
<tr>
<td>Title VII-EAP</td>
<td></td>
</tr>
<tr>
<td>USDA</td>
<td></td>
</tr>
<tr>
<td><strong>Total DADS Funding Sources:</strong></td>
<td>(6,000)</td>
</tr>
</tbody>
</table>

The example below identifies situation where an AAA has requested funds under the incorrect service. The AAA should have requested Title III-E funds under Homemaker Services but instead, requested Title III-E funds under Personal Assistance. In this example, the Title III-E funds under Homemaker Services were decreased by $6,000 and the Title III-E funds under Personal Assistance were increased by $6,000. Please note, while the Total DADS Funding Sources for each service does not zero out, the Current Request Total will balance to zero.

<table>
<thead>
<tr>
<th>DADS Funding Sources</th>
<th>Homemaker</th>
<th>Personal Assistance</th>
<th>Current Request</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Fiscal Year Allocations:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Title III Administration</td>
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<tr>
<td>Title III-E</td>
<td>(6,000)</td>
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<tr>
<td>Title VII-EAP</td>
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<tr>
<td>USDA</td>
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<td></td>
</tr>
<tr>
<td><strong>Total DADS Funding Sources:</strong></td>
<td>(6,000)</td>
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</tbody>
</table>
All total columns must be completed to ensure the Amount Previously Requested column is available for the next RfR. The total dollar effect of the adjustment must balance to zero. Please note, the YTD Current Requested amount from your adjustment journal will become the amount previously requested on your next RfR.

All RfAJs must be submitted by e-mail to the DADS A&I/AAA Reports mailbox at T3Areports@dads.state.tx.us using the correct subject line nomenclature as required.

**Request for Refund:**

When DADS A&I/AAA and the AAA determines it has over requested funding from DADS and a refund must be made, a request for the current Request for Refund form must be sent to the Reports Mailbox at T3Areport@dads.state.tx.us. The refund process is generally conducted at closeout. Once a refund amount and number of services are identified through the closeout process the AAAFC confirms the amounts and services with the AAA. The AAAFC will then electronically send the current Request for Refund form to the AAA. This form is not available on the internet.

A request for refund must consist of negative numbers only. The negative amounts must be under the services confirmed by the AAA. After completion of the form, the AAA will submit the Request for Refund to the DADS Reports Mailbox at T3Areport@dads.state.tx.us using the correct subject line nomenclature as required. The check must be mailed the same day the refund is submitted to the Reports Mailbox.

When the closeout process identifies the correct amount of the refund, how many and which services are affected and the AAA confirms the amount and services an e-mail will be sent to the AAA stating the following:

- FY2011 Closeout Refund Worksheet is included and attached to this e-mail notice. Please read the information provided below prior to submitting the refund worksheet and check for the refund amount.
- The total refund amount on the AAA’s closeout confirmed by the XXX AAA is $xxx,00. This refund is required for XX services.
- Please review the following PRIOR to submitting the refund worksheet and the check:
  - The refund amount on the refund worksheet is the same as confirmed by the AAA and noted in this e-mail [closeout ASAW amount],
  - The refund worksheet is based on the prior amounts from the most recent FY11 RfR/RfAJ processed,
  - The refund amount(s) is entered into each service(s) identified in the closeout ASAW as requiring a refund,
  - All refund worksheet entries are negative amounts, and
  - The check amount is the same as that confirmed by the AAA and noted in this e-mail [closeout ASAW amount].

Please submit the refund worksheet to the Reports Mailbox using the correct closeout subject line nomenclature as required. The check must be submitted to the DADS A&I/AAA Contract Accountability & Oversight Unit Manager. The required mailing information is below:

Sue Fielder, Unit Manager  
Contract Accountability and Oversight  
Access & Intake AAA  
Texas Department of Aging and Disability Services  
701 West 51st St. MC: W-352  
Austin, TX 78751
AAA – TA 201
Website reference: Request for Reimbursement, Request for Adjustment Journal

Request for Reimbursement Form and Request for Adjustment Journal Form
AAA Reimbursement and adjustment forms can be downloaded from the shared folder on the AAA secure FTP site or requested from the DADS A&I/AAA help desk at aaa.help@dads.state.tx.us.

Request for Refund from AAA
Refunds are generally performed through the Closeout process. Should an extraordinary event happen in which an AAA would feel the need to refund DADS A&I/AAA funds prior to closeout the AAA must contact the DADS A&I/AAA Help Desk at aaa.help@dads.state.tx.us.