

Governor's Cabinet on Nonprofit Health and Human Services

Findings and Recommendations from the Workgroup
on Contract Procurement and Administration

Workgroup Charge – Revenue Retention

- Consider a surplus retention policy across POS contracts, analyzing the pros and cons of establishing this policy including the cost to the state and the process for ensuring the provision of contracted services.

Review of Options Considered

Option 1 - 100% Revenue Retention

Any nonprofit provider organization with a POS contract shall, in the event that the provider manages the contract efficiently in a way that meet the contractual requirements of the funding department and maintains a surplus at the end of the contract term, the provider shall keep 100% of the surplus.

Revenue Retention – Continued

Option 2 – Retention of Up to 5% of Contract Value w/\$100,000 Cap

Any nonprofit provider organization with a POS contract shall, in the event that the provider manages the contract efficiently in a way that meet the contractual requirements of the funding department and maintains a surplus at the end of the contract term, the provider shall keep up the surplus up to 5% of the value of the contract, with a maximum of \$100,000/SID.

Revenue Retention - Continued

Option 3 - Retention of Up to 5% of Contract Value
w/\$250,000 Cap

Any nonprofit provider organization with a POS contract shall, in the event that the provider manages the contract efficiently in a way that meet the contractual requirements of the funding department and maintains a surplus at the end of the contract term, the provider shall keep up the surplus up to 5% of the value of the contract, with a maximum of \$250,000/SID.

Revenue Retention - Continued

Option 4 - 50% Revenue Retention

Any nonprofit provider organization with a POS contract shall, in the event that the provider manages the contract efficiently in a way that meet the contractual requirements of the funding department and maintains a surplus at the end of the contract term, the provider shall keep up the surplus up to 50% of that surplus.

Revenue Retention - Continued

Option 5 - Based on FY14/15 Budget Language

For all allowable expenditures made pursuant to a contract subject to cost settlement with DDS by an organization in compliance with performance requirements of such contract, 100%, or an alternative amount as identified by the Commissioner of DDS and approved by the Secretary of OPM, of the difference between actual expenditures incurred and the amount received by the organization from DDS pursuant to such contract shall be reimbursed to the DDS during the fiscal year ending June 30, 2014 and the fiscal year ending June 30, 2015.

Revenue Retention - Past 3 Years

AG/NCY	Past 3 Year Average	Past 3 Year Average States	FY12 POS Contract Amount	FY12 POS Contract State-Dollars
DDS	\$3,891,334	\$3,891,334	\$625,318,798	\$614,841,838
DMHAS	\$1,570,588	\$1,450,481	\$250,347,783	\$223,486,215
DCF	\$2,433,333	\$2,333,333	\$203,000,000	\$190,000,000
DOC	\$243,939	\$243,939	\$43,656,786	\$43,161,786
DPH	\$2,047,548	\$967,423	\$47,997,022	\$24,062,651
DSS			\$334,795,605	\$184,000,000
Total			\$1,505,115,994	\$1,279,552,490

Notes related to Revenue Retention Chart

- DDS – of the \$3,891,334 average, providers retained \$1,464,452, while the state received back \$2,426,882
- DSS data is estimated
- Agencies work with providers to do budget revisions for one-time purposes

