

908 KAR 2:050. Formula for allocation of funds.

RELATES TO: KRS 210.420, 210.440

STATUTORY AUTHORITY: KRS 210.420, 210.450, EO 2004-726

NECESSITY, FUNCTION, AND CONFORMITY: EO 2004-726, effective July 9, 2004, reorganized the Cabinet for Health and Family Services and placed the Department for Behavioral Health, Developmental and Intellectual Disabilities within the cabinet. KRS 210.440 requires the secretary of the cabinet to allocate funds to the behavioral health, developmental and intellectual disabilities boards at the beginning of each fiscal year. KRS 210.420 requires the Secretary to prescribe, by administrative regulation, a formula for the allocation of these funds, including provisions for per capita allocations, incentive allocations which require local matching funds based on per capita wealth of the area served, and discretionary allocations to be available to the secretary to maintain essential services pursuant to KRS 210.410. This administrative regulation prescribes the formula for allocation of these funds.

Section 1. Definitions. (1) "Cabinet" means Cabinet.

(2) "Local tax match" means revenue raised locally by a behavioral health, developmental and intellectual disabilities board from:

(a) A behavioral health, developmental and intellectual disabilities tax (KRS 210.460, 210.470, 210.480); and

(b) A county fiscal court appropriation or an appropriation by a city legislative body, including in-kind contributions at fair market value.

(3) "Other local match" means revenue raised locally by a behavioral health, developmental and intellectual disabilities board, but shall be limited to:

(a) In-kind contributions other than those from a county fiscal court or city legislative body;

(b) Cash donations and contributions;

(c) Sales of workshop products;

(d) Interest income;

(e) Rental income; and

(f) Funds provided by affiliates derived from the sources specified in this subsection, limited to the extent that the funds shall be used to finance programs endorsed by the board in its annual plan and budget.

(4) "Per capita wealth" means the current total assessed value of property, as adjusted and recorded by the Kentucky Department of Revenue, divided by the population of a given area.

(5) "Region" means that geographic locality determined by incorporation for the purpose of delivery of comprehensive behavioral health, developmental and intellectual disabilities services under KRS 210.370 as controlled by a board of directors.

Section 2. Population. (1) Population figures used by the secretary to determine the formula allocations shall come from the U.S. Department of Commerce, Bureau of the Census, as reported in the most recent edition of the Urban Studies Center, University of Louisville, Population Research Unit Report.

(2) Any geographic breakdown in population shall be in accordance with KRS 210.370.

Section 3. Formula for Allocation of State Appropriated Funds. The formula for allocation of state appropriated funds shall be as follows:

(1) Per capita allocations. Of the total general funds appropriated by the General Assembly for a fiscal year for the community behavioral health, developmental and intellectual disabilities services programs, fifteen (15) percent shall be distributed based on per capita allocations. The sum

available to each region shall be determined by dividing the total funds available in the per capita allocation by the total population of the Commonwealth, multiplied by the population of each region; provided, however, that the payment of the sum shall be on a cost related fee for service basis following receipt of appropriate and timely billings submitted by each board.

(2) Discretionary allocations. The discretionary allocations available to the secretary to maintain essential services pursuant to KRS 210.410 shall be equal to ten (10) percent of the general funds appropriated by the General Assembly for a fiscal year for community behavioral health, developmental and intellectual disabilities programs.

(3) Cost-related fee for service allocations. Of the total general funds appropriated by the General Assembly for a fiscal year for the community behavioral health, developmental and intellectual disabilities services program sixty (60) percent shall be allocated based on service units reported in the board's annual plan and budget as approved by the secretary including approved amendments; provided, however, payment shall be on a cost-related fee for service basis following receipt of appropriate and timely billings submitted by the board. If any board fails to report sufficient service units to access its cost-related fee for service allocation, these funds shall be reallocated on a cost-related fee for service basis to those regions whose reported service units exceed their allocation.

(4) Incentive allocations.

(a) Of the total general funds appropriated for community behavioral health, developmental and intellectual disabilities programs, fifteen (15) percent shall be allocated to the regions based on local tax match and other local match weighted to reflect the per capita wealth of the region. Local tax match and other local match shall be based upon the preceding fiscal year's local collections as determined by the independent auditor of each board and certified by the cabinet.

(b) The cabinet shall adjust the local tax match revenue and other local match revenue by applying a per capita wealth adjustment factor. The adjustment factor shall be computed by dividing the per capita wealth of the state by the per capita wealth of a region.

(c) The matching rates shall be thirty-five (35) cents for each dollar of local tax match after per capita adjustment and fifteen (15) cents for each dollar of other local funds after per capita wealth adjustment. The preceding totals shall equal the total state funds earned by each board under the incentive allocation provided there are sufficient funds appropriated and allocated to the incentive allocation.

(d) An initial incentive ceiling shall be calculated for each board by dividing the local incentive funds available (fifteen (15) percent of the total general funds appropriated) by the population of the state, multiplied by the population of each region. If one (1) or more boards fails to report sufficient local tax match and other local match funds to attain their ceiling, the amount they are under the ceiling shall be returned to the incentive allocation for reallocation to regions that exceeded their ceiling. If through this method all incentive funds cannot be allocated, the remaining funds shall be placed in the cost-related fee for service fund to be allocated on a cost-related fee for service basis.

(e) Incentive funds shall be adjusted following the receipt of actual collections for the previous fiscal year. The report of actual collections shall be submitted by the independent auditor in conjunction with each annual audit report of each board. (Recodified from 902 KAR 6:050, 3-7-1989; Am. 20 Ky.R. 2261; eff. 3-14-1994; TAm eff. 4-27-2016.)