

STATE OF NEW JERSEY
DEPARTMENT OF HUMAN SERVICES
DIVISION OF YOUTH AND FAMILY SERVICES

SUBJECT: Two-year Contracting

EFFECTIVE: This policy circular shall become effective on July 1, 1988, and shall be implemented immediately.

PROMULGATED: July 1, 1988

SUPERSEDES: Policy Circular DYFS 1.50, promulgated November 5, 1986.

The purpose of this policy circular is to establish the policy and procedures for implementing two-year Contracts in the Division of Youth and Family Services (DYFS).

I. SCOPE

This policy circular applies to all DYFS Contracts designated by the Division as eligible for two-year terms.

II. POLICY

- A. Except in those circumstances outlined in Section B below, social services Contract in DYFS may be executed for two-year terms.

The implementation of two-year Contract terms have the advantage of:

1. increase administrative simplicity for the Division and for the Provider Agencies, and
2. greater stability for Provider Agencies in planning for service delivery and funding needs.

- B. The decision to implement two-year Contracts terms with specific Contract will be made by the DYFS Regional Offices. In making such decisions, the factors listed below will be considered.

1. Public agencies will not be given Contract with two-year terms because of restriction in the New Jersey Local Public Contracts Law which prohibits local public

agencies from executing Contract with longer than 12-month terms.

2. Contracts which are funded by an unstable funding source, such as the Refugee Resettlement Program, will not be given two-year terms.
 3. New Contract Provider Agencies will not be given two-year terms in their first year of funding.
 4. Provider Agencies with identified contracting/management problems will not be given two-year Contract terms. Contracting/management problems may be identified by a Contract audit report, Pre-Award Survey, or by a Division monitoring report.
- C. Provider Agencies which have two-year Contract terms will receive equitable treatment from the Division with regard to all funding increases available or decreases required, The fact that a Provider Agency has a two-year Contract will not penalize that Provider Agency if additional funding available for Contract services. Similarly, in the case of a reduction in funding, a Provider Agency with a two-year term will be as vulnerable to any necessary Contract reductions as a Provider Agency with a one-year term.
- D. The process for receiving and considering recommendations from the county planning bodies will be the same for two-year Contracts as for one-year Contracts.

III. PROCEDURES

A. Contract Document for Two-Year Contracts

The Contract documents for a two-year Contract will consist of the following items:

1. Standard Language Document- A two-year Contract will have a single Standard Language Document for the two-year term. On the signature page of the Standard Language Document, the Contract effective date and the Contract expiration date will indicate the two-year Contract term.
2. Programmatic Annex- A single programmatic annex (Annex A) will be prepared and will include information which applicable to the full two-year Contract term. Specifically, items in the Annex A which shall be written to include two-year data are: Contract term,

Contract level of service delivery, service days, number of clients to be served, and goals and objectives.

3. Fiscal Annex- The fiscal annex (Annex B, and/or Annex B-2) of a two-year Contract will cover the full term of the Contract. Special considerations for preparation of the fiscal annex are outlined below.

a. For Cost-Related Contracts

(1) Annex B (Budgets)

In accordance with the policies and procedures of the Contract Reimbursement Manual, there will be at least two budgets for a two-year Contract. The total number of budgets required will depend on the Provider Agency's fiscal year in relation to the Contract term. (See Section 5 of the Contract Reimbursement Manual for additional information,) All budgets for a two-year term will be submitted simultaneously by the Provider Agency during the Contract negotiations.

Each budget must reflect its proportionate share of all Contract costs, applicable to the particular budget period. A budget may be modified during the Contract term, as outlined in Section III.D.2 of this circular and in accordance with Policy Circular P1.10 Contract Modification.

(2) Cover Page for Annex B

For the sake of clarity, a cover page for the Contract Annex B shall be prepared which specifies:

- the budget period and Reimbursable Ceiling for each budget of the Contract;
- the Contract term (2 years); and
- the aggregate Reimbursable for the Contract, i.e., the sum of the Reimbursable Ceilings for the Contract budgets.

(3) Schedules of Estimated Claims

Separate estimated monthly claims shall be projected by the Provider Agency reflecting each budget submitted for the Contract term.

b. For Contracts Paid on a Rate

A single Annex B-2 will be completed by the Division at the beginning of the Contract term and will be effective for the full two-year Contract term unless revised by a Contract Modification, If the Contract has a maximum funding amount, this amount will be included for the two-year and specified in the Annex B-2. This amount will also be reflected in the Annex B for a Cost-Related Contract which is paid on a rate.

c. Supporting Documentation

Supporting documentation for the fiscal Annex shall be submitted by the Provider Agency during Contract negotiations and, if appropriate, will be included as attachments to the fiscal Annex. Such supporting documentation includes, but is not limited to, the Provider Agency's most recent audited financial statements, organizational structure of the Provider Agency, and donor agreements.

In cases in which supporting documents are not available for the full two-year Contract term, such documents may be submitted to the Division during the Contract term, as permitted by the Division. Specifically, with regard to execution and submission of donor agreements during the Contract term, refer to Policy Circular P6.01, Match Requirements for Social Services Block Grant Service Contracts.

B. Division Documents

The following Contract documents used by the Division shall be completed as indicated, for a two-year Contract.

1. Transmittal Letter

At the beginning of a two-year Contract, the Regional Office shall issue a transmittal letter to the Provider Agency which states:

- the aggregate Reimbursable Ceiling for a Cost-Related Contract; and
- the Payment Rate and, if applicable, the maximum Contract funding, for a Non-Cost-Related Contract.

2. Contract Information Form (CIF)

The Regional Office will complete a single CIF for the full two years of the Contract term, using the aggregate Contract Reimbursable Ceiling to identify the Division's funding obligation.

C. Advance Payment

The amount of the advance payment available under a two-year Contract will be the Contract's first two months' estimated claim. (See Policy Circular P410, Advance Payments, for additional information.) Advances will be issued at the beginning of the two-year Contract terms and recouped, according to Division procedures, throughout the Contract term.

D. Budget Flexibility for Cost-Related Contracts

In a two-year Contract, flexibility between/among budgets in the Contract will be allowed within limits described below.

1. Overspending

A Provider Agency will not be allowed to overspend in the Contract.

2. Underspending and Carry-Forward Amount

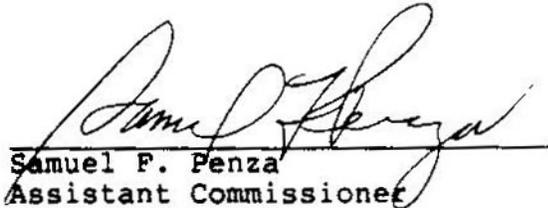
If a Provider Agency underspends a budget in the Contract, the unspent amount, with Division approval, may be carried forward from the expiring budget to a succeeding budget within the current Contract. In order to carry forward unspent funds, the Provider Agency must submit a request for a Contract Modification.

Approval for the Contract Modification will be granted by the DYFS Regional Office only if the modification is justified and appropriate. Prior to submitting a Contract Modification, the Provider Agency shall ensure that sufficient funds remain in the expiring budget to cover all applicable expenses of that budget period.

Issued by:



William Waldman, Director
Division of Youth and Family
Services



Samuel F. Penza
Assistant Commissioner
Department of Human Services