

RW Contract Modification Request for Cost-based Programs

Public Health Solutions (PHS) recognizes that as the contract year progresses, agencies may need to modify their program design, service targets and/or budget because of unanticipated changes or to reflect actual costs of running the program. In order to request such changes, you must submit a Contract Modification Request using the form designated for this purpose.

Section I: Instructions

The Contract Modification Request consists of: 1) instructions, 2) a cover page, 3) a certification page, 4) a one-page program modification section, and 5) a ten-page budget section.

Submission

Only one Contract Modification Request may be submitted during the 6th and 7th months of the contract year, from **August 1st through September 30th**. You will also have the opportunity to submit a final modification during Closeout, at the end of the contract period. *Please note that as soon as you become aware of the need to modify your program or budget, you must notify your Contract Manager in writing of your intent to submit a Contract Modification Request.*

The Contract Modification Request must be submitted via email to mods@healthsolutions.org. Do not send as a .pdf document. **The subject line should read: Agency Name - Contract Mod.**

The email does not need to contain a message. The sender will receive an automatically generated reply notification that the email was received by PHS.

The form must be submitted as an **Excel attachment** with the file name configured as follows: **agencyname_contract#_datesubmitted_v1.xls**. It is very important that the file name is configured exactly as shown. If not, it will be difficult for PHS staff to clearly identify the agency, contract number and version of the contract modification that was received ("version 1" (abbreviated as "v1" in this example). If you need to revise your request, you will identify future version numbers here.

Your Contract Manager will review documentation of contract performance, including but not limited to: timeliness and accuracy of monthly reports; site visit reports; your correspondence with us; and will also take into account whether you have demonstrated efforts and ability to quickly identify program problems and implement corrective actions. You will be notified in writing of the disposition of your Contract Modification Request.

Section II: Cover Page

Complete the initial fields indicating your organization's name, service category, contract number and contract period. The form will automatically copy this information onto the headers of the other pages. Questions 1-4 are designed to assist you in determining whether you are required to complete the budget section, program section or both. Please note that you cannot submit these modifications separately. The last section of this page indicates the name of the individual(s) who requested the modification(s) and the date that the request was submitted.

Section III: Required Contractor Certification

Those individuals identified in the Contract Contact Verification Form as the Fiscal Manager and the Program Manager or Senior Administrator must complete this page by either typing in their name or using an electronic signature. The appearance of their name certifies that they are authorized to submit the Contract Modification and that the changes are consistent with the intent of the funded program and adhere to HRSA, NYCDOHMH and Public Health Solutions guidelines.

Section IV: Program Section (Complete for modifications to your Program Scope & Grid)

The Contract Modification Request page must include a detailed explanation of why changes are needed. If the modification entails changes to service targets or service delivery design, a revised Service Target Grid and/or Scope Amendment must be prepared and submitted as part of the request. You should contact your Contract Manager to receive a copy of the most recently approved Service Target Grid and Work Analysis if you do not have it. If your program modification entails changes in staffing or other budget lines, the budget section of the Contract Modification must also be completed.

EXAMPLE: PROGRAM SECTION (PROGRAM MODIFICATION REQUEST)

- 1. Describe the proposed modification(s) to your program and the impact on the contract scope of services (e.g., changes in service targets and/or service delivery design that impacts staffing or description of program services as outlined in your current contract). If affected, sections of the scope of services narrative and service target grid must be revised and attached.**

The proposed modifications to the Harm Reduction Program will consist of decreasing AOD-Individual Counseling to 25 per month, beginning September, with the new total annual total of 330. The service type, AOD Counseling-Group services will be increased to 15 per month, beginning September, with the new total annual total of 120. The description of services in the scope of services remains unchanged, however, the service target grid and work analysis are affected.

- 2. Describe the reason(s) for the program modification(s).**

These changes are based on observations which indicate that our clients are utilizing fewer individual counseling services than group services, which is contrary to our initial projections. Clients seem to demonstrate their needs are best served in group settings as they are more receptive to feedback and support from other group members.

3. Describe any effects that the program modification(s) will have on the budget, summarizing any necessary changes to the budget. For example, service target changes may require adjustments to the full-time equivalent staffing funded by this contract or to associated other-than-personnel categories like program supplies or client travel. Note: If the proposed program modification(s) will affect the budget, you must submit a request for a budget modification with this request for a program modification.

A revised work analysis is included in this modification request. No effect on the budget is anticipated as a result of the proposed changes.

4. Indicate the proposed effective date of this program modification.

05/01/2015

Section V-X: Budget Section (Complete For Modifications to your Budget)

Budget modifications are required for changes to Personnel Services, Fringe Benefits, Travel, Consultants and Indirect Cost. Changes may be requested to re-allocate funds between budget categories, for example, from Personnel Services to Supplies, or within the same budget category, for example, from Client Travel to Staff Travel. A budget modification may also be requested to create new budget lines, if appropriate.

Please note:

- Any expenditure made and reported prior to formal approval of a written budget modification request will be disallowed.
- Your total budget amount/approved Maximum Reimbursable Amount may not change.
- Budget Modification Requests (not including the closeout modification) that shift more than 20 percent of the program's Maximum Reimbursable Amount will require final approval by the NYCDOHMH.
- Review year-to-date expenditures prior to completing the budget modification request and make sure that all due monthly reports have been submitted (a common error contained in budget modification requests is the reallocation of funds already spent).
- All budget modification requests must be fully justified. Please see below for complete information regarding justification requirements.

EXCEPTION: WHEN A FORMAL BUDGET MODIFICATION IS NOT REQUIRED: A formal modification is not required for changes within the Equipment, Supplies and Other categories PROVIDING the individual category totals are not exceeded. PHS will NOT be monitoring your spending at the individual line-item level in these three categories. Instead, we will review your spending by the overall budget category totals. This offers your organization flexibility to spend more or less on individual budget lines within these larger categories without having to submit a formal budget modification.

Example: under the “Other” category, you may budget \$500 for postage and \$1,000 for printing and photocopying. Every month, you will report to us how much you spent for each of these lines. However, as the year goes by, if you see that your actual postage expense will exceed \$500, but printing costs will fall below \$1,000, there will be no need to modify your budget – as long as you do not exceed your budget for “Other” expenses. Similarly, if you tell us in your equipment budget that you anticipate purchasing a printer, but you subsequently determine that you need a scanner instead, you would not need to modify your budget, unless you anticipate overspending your total equipment budget line.

Although a formal modification is not required, you must submit, in memo format, an explanation of why you are exceeding the budget for the affected individual line items. The memo can be submitted at any time during the contract period and it does not require PHS approval. You will only be contacted if it contains costs that are unallowable or inconsistent with your program services.

Note: It is important that you pay close attention to the contract’s 12% administrative expense cap. By increasing the lines where all or some is administrative costs, by spending more on them, you are increasing the administrative cost as well. You must ensure not to exceed the 12% administrative cap.

➤ **Personnel Services (PS) – Page 5**

This page indicates, in detail, requested modifications to wages, salaries and fringe benefits. Include only individuals on your organization’s payroll. Do not list individuals paid as consultants in this category.

- Column A: Budget Category – Personnel Services: Itemize each position listed on the Personnel Services page of your contract budget in the same order that it appears in the budget. Include both the job title for each position and the employee’s name.
- Column B: Approved Budget: For each line, insert the most recently approved contract budget.
- Column C: Requested Change (+) or (-): List the incremental dollars to be changed for each budget line. Enter \$0 in this column if no change is requested for the line in question.
- Column D: Revised Budget: This column reflects the changes to each budget line in your contract budget. The disk version of this form provided by PHS contains the following formula in this column: Column B + Column C.
- Column E: Revised Budget Administrative Percentage: Indicate the percentage of administrative cost for each line item in the revised budget.

➤ **Other than Personnel Services (OTPS) & Totals – Pages 6-7**

Use these pages to request modifications to the lines of your budget assigned to each of the five OTPS categories. Use the instructions for completing the Personnel Services (PS) page to complete the OTPS pages. Itemize all budget lines per OTPS category as they appear in your approved budget.

Rows 10 + 11 equal the sum of Direct Costs and Indirect Costs.

Row 12, Total Budget, Column C, Requested Change, must equal \$0.

The electronic version of this form provided by PHS contains formulas in rows 10 and 12.

EXAMPLE:

(A)	(B)	(C)	(D)	(E)
Budget Categories and Lines	APPROVED BUDGET	REQUESTED CHANGE (+) or (-)	REVISED BUDGET	REVISED BUDGET ADMIN %
PERSONNEL SERVICES – SALARIES				
Sr. Subst. Abuse Counselor -T. Cox	\$40,000	(\$3,333)	\$36,667	0%
Subst. Abuse Counselor – E. Smith	\$30,000		\$30,000	0%
Clinical Supervisor – P. James	\$15,000		\$15,000	0%
Program Asst. – N. Thomas	\$10,000		\$10,000	0%
1) Total Salaries	\$95,000	(\$3,333)	\$91,667	
2) Fringe Benefits	\$24,700	(\$2,700)	\$22,000	
3) TOTAL PERSONNEL SVCS	\$119,700	(\$6,033)	\$113,667	
(A)	(B)	(C)	(D)	(E)
Budget Categories and Lines	APPROVED BUDGET	REQUESTED CHANGE (+) or (-)	REVISED BUDGET	REVISED BUDGET ADMIN %
OTHER THAN PERSONNEL SERVICES – OTHER				
Rent	\$11,000	\$6,033	\$17,033	0%
7) Total Other	\$11,000	\$6,033	\$17,033	
10) Total Direct Costs	\$130,700	\$0	\$130,700	
11) Total Indirect Costs	\$6,535	\$0	\$6,535	100%
12) Total Budget (Rows 10 + 11)	\$137,235	\$0	\$137,235	

These columns must appear exactly as they do in your approved budget.

Show your proposed budget changes in Column C. Row 12, Column C equals the sum of all requested budget changes. It must equal \$0.

This column should show your proposed revised budget.

This column should show the % administrative cost in the revised budget.

➤ **Budget Modification Justification – Pages 8-10**

In addition to the budget schedules, you must also submit a justification narrative. The justification narrative should explain why the requested change is needed. Your explanation should address the following issues:

- **Need for the requested expenditures:** The justification narrative should be detailed and comprehensive in explaining the purpose of the new expenditures. Requests will not be approved for expenditures that are inconsistent with program activities.
- **How service delivery will be affected by the modification:** If service delivery will be affected, a program modification request must accompany the budget modification request. Your Public Health Solutions Contract Manager can assist you with this.
- **Whether unspent funds will be used for one-time, non-recurring costs:** Since we cannot guarantee that your contract will be renewed at the same funding level, contractors are, in general, not allowed to use funds that are not spent in one year to fund costs that will recur in the following year. For example, if you have budgeted \$30,000 for a social worker, but don't fill the position until halfway through your contract year, you cannot use the unspent \$15,000 for a part-time secretary, since the next year you would need \$30,000 for the social worker and \$15,000 for the secretary. However, if you have reason to believe that you will receive a non-Ryan White source of funds to cover that secretary in future years or you would like to use the \$15,000 to pay for a position that may in future years generate sufficient revenue to support it, you may discuss those contingencies with your Contract Manager.
- **Whether administrative costs charged to Ryan White Part A will be increased:** You may request a reallocation of unspent funds to cover administrative costs if the reallocation is justified and the total amount of administrative costs in the revised budget does not exceed 12% of the Maximum Reimbursable Amount of your contract.
- **Whether indirect costs may be increased:** You may increase indirect costs if the total amount of indirect costs in the revised budget does not exceed your agency's de minimis rate calculation, federally-approved NICRA or auditor-certified rate, and the justification for the increase demonstrates how the program will cover these costs in subsequent years. The reallocation of funds to cover indirect costs cannot be done retroactively.
- **If the modification covers costs overlooked in the original budget:** You may use surplus dollars to cover OTPS expenses not anticipated at the time of the preparation of the program budget. Examples include, but are not limited to: the program's fair share purchase of insurance, including fidelity bond coverage; the program's fair share cost of an A-133 agency audit or its equivalent; the costs to recruit staff and/or volunteers; equipment service contracts; and the purchase of computer software.

➤ **Personnel Services (PS) - Page 8**

For each personnel services line that is being modified, provide the title and name of the employee, the approved and revised annual salary, the approved and revised FTE, the approved and revised number of months that the position will be funded and the approved and revised amount requested. Also provide the dollar amount of the requested change and a full justification for the change.

The form is locked, so you will need to contact your Contract Manager if more than one page is needed. Additional pages should be numbered the same, with a letter added to the number (i.e. 8A, 8B, 8C).

The electronic version of this form provided by Public Health Solutions contains formulas in the cells for amount requested and requested change.

EXAMPLE:

Organization Name: ABC AIDS Services

Service Category: Harm Reduction **Contract Number:** 98-HRR-123

Budget Period: 3/1/14 -2/28/15

PERSONNEL SERVICES

Title/Name	Annual Salary	FTE	# of Months	Amt. Req.
Senior Substance Abuse Counselor – T. Cox				
Approved Budget	\$40,000	1	12	\$40,000
Requested Change (+) or (-)				(\$3,333)
Revised Budget	\$40,000	1	11	\$36,667
Reason: The Senior Substance Abuse Counselor began employment in April rather than March. One month of salary is being reallocated to OTPS line items.				

➤ **Fringe Benefits - Page 9**

Provide the dollar amount of the requested change to fringe benefits, the approved and revised fringe benefit percentage and a full justification for the change. Reasons for the change may include an increase or a decrease in total salaries budgeted, a change in fringe benefit costs, or a combination of the two. If revising fringe benefits costs, you must detail the components of your revised fringe benefit rate.

The form is locked, so you will need to contact your Contract Manager if more than one page is needed. Additional pages should be numbered the same, with a letter added to the number (i.e. 9A, 9B, 9C).

EXAMPLE: FRINGE BENEFITS

Requested Change (+) or (-)
(\$2700)

Approved Rate	26%
Revised Rate	24%

Reason: Due to a decrease of 2% in our health insurance rate, we are requesting a reduction of \$1,900. In addition, due to the reduced amount requested for the Senior Substance Abuse Counselor, we are requesting an additional reduction of fringes as follows: \$3,333 x 24% = \$800.

REVISED RATE	
COMPONENT	PERCENTAGE
F.I.C.A.	7.65%
Health Insurance	7.80%
Unemployment Insurance	2.66%
Disability Insurance	0.10%
Life Insurance	0.72%
Workers Compensation	1.01%
Pension/Retirement	4.06%
Other (itemize):	0%
TOTAL	24%

➤ **OTPS/Indirect Costs - Page 10**

For each line that is being modified, provide the name of the line item, the amount of the requested change and a full justification for the change. Allocated cost methodologies must be clearly detailed.

EXAMPLE:

Organization Name: ABC AIDS Services
Service Category: Harm Reduction **Contract Number:** 98-HRR-123
Budget Period: 3/1/14 -2/28/15

OTPS / INDIRECT COSTS

Item: Rent	Requested Change (+) or (-)
Reason/Methodology Used: Due to the increase in the number of support group sessions provided under this contract (see attached program modification request), we are requesting additional funds for a group meeting room - 475 square feet x \$12.70 per square foot.	\$6033

The form is locked, so you will need to contact your Contract Manager if more than one page is needed. Additional pages should be numbered the same, with a letter added to the number (i.e. 10A, 10B, 10C).

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