

DEPARTMENT OF SOCIAL SERVICES

744 P Street, Sacramento, CA 95814



July 1, 1987

ALL-COUNTY LETTER NO. 87-91

TO: ALL COUNTY WELFARE DIRECTORS

SUBJECT: ALLOWABLE COSTS OF SERVICE THAT AFFECT IN-HOME  
SUPPORTIVE SERVICES (IHSS) CONTRACTS

The Department of Social Services (DSS) in accordance with Welfare and Institutions Code (WIC) Section 12303(a) and Manual of Policies and Procedures (MPP) Regulations, Division 10, Sections 10-205.2 and 10.205.3, has established maximum allowable costs for contracted IHSS. An allowable cost of service has been established for each of the 16 contracting counties in terms of a dollar cost per hour. Any portion of a payment by a county on an IHSS contract in excess of 110% of the allowable cost of service shall not be eligible for matching or reimbursement from State or Federal funds.

The allowable cost of service is effective on July 1, 1987. Counties that are currently impacted are those who are bidding for new contracts or who are renewing contracts pursuant to WIC Section 12302.1 with effective start dates of July 1, 1987 or thereafter. Existing contracts that began prior to July 1, 1987 and are in progress, are not impacted by the allowable cost of service until those contracts expire or are renewed.

The methodology used to compute the allowable cost of service is as follows: The average hourly rate for applicable domestic workers, by county and statewide, was taken from Employment Development Department (EDD) data for January through December 1986. Each county's ratio to the EDD statewide average was computed and the proportionate difference was then applied to the statewide average hourly contract rate. The weighted statewide average hourly contract cost was calculated using current contract rates and hours for F.Y. 1986/87. In accordance with WIC Section 12303(a), a ten percent allowable increase was added to each county's allowable cost to arrive at a maximum contract cost eligible for State reimbursement. A breakdown of EDD average hourly rates by county and an example of the computed allowable cost of service are attached.

Please address any appeals for adjustment of the allowable cost to me at the following address:

Department of Social Services  
744 P Street, Mail Station 17-18  
Sacramento, CA 95814



LOREN D. SUTER  
Deputy Director  
Adult and Family Services

cc: CWDA

Attachment

Attachment

<u>COUNTY</u>	<u>EDD Average Wage Rate Offered Domestic Workers</u>
Butte	4.09
Humboldt	4.16
Mendocino	4.83
Nevada	4.57
Riverside	5.17
San Diego	4.81
San Francisco	5.11
San Joaquin	4.39
San Luis Obispo	4.62
San Mateo	5.22
Santa Barbara	5.37
Santa Clara	5.68
Stanislaus	4.40
Tehama	4.47
Tulare	4.63
Ventura	4.35

Statewide Average Hourly Contract Cost	\$7.57
EDD Statewide Wage Rate offered Domestic Workers	\$4.64

EXAMPLE: Butte County

EDD Domestic Placement Hourly Rate for Butte County	\$4.09
EDD Statewide Rate offered Domestic Workers	<u>+ 4.64</u>
Percent of EDD Statewide Average	.8815
Statewide Average Hourly Contract Rate	<u>x 7.57</u>
Allowable Cost of Service	= 6.67
WIC Section 12303(a) 10% Allowable Increase	<u>+ 10%</u>
Maximum Allowable Cost of Service with 10% Increase	\$7.34