



Dannel P. Malloy  
Governor

State of Connecticut  
Department of Developmental Services

**DDS**

Morna A. Murray, J.D.  
Commissioner

Jordan A. Scheff  
Deputy Commissioner

**Operations Memo 2016-06**

**TO:** Private Providers with a Purchase of Service Contract for Residential and Day Services

**FROM:** Peter Mason, Director of the Operations Center

**CC:** Morna Murray, Commissioner, Jordan Scheff, Deputy Commissioner, Cres Secchiaroli, Finance Administrator, Regional Directors, Assistant Regional Directors, Resource Administrators, CT Community Nonprofit Alliance, ARC/CT

**DATE:** February 19, 2016

**SUBJECT: Surplus Retention**

I am writing with an update on the cost settlement process.

As you know, DDS received approval from OPM to amend the cost settlement process for providers with a Purchase of Service Contract to allow a specified percentage of any excess revenue over expenses to be retained. The approval indicated that the cost settlement process would be implemented as long as the total amount of the retained surplus was within available resources of the department.

Unfortunately, this has been an extremely challenging fiscal year for DDS, as well as the state generally. Due to the fiscal constraints for FY2016 as well as anticipated reductions in FY2017, all contract surpluses must, by necessity, be returned to DDS. Consequently, for FY2015, FY2016 and FY2017, 100% of any excess revenue over expenses will be recouped.

This is not an action that DDS takes lightly. Provider stability and cost effective supports are critical to maintaining direct services for individuals with intellectual disabilities. However, during these difficult financial times, the Department must focus all of its resources on meeting the needs of as many people as possible. It is our hope that once the budget situation improves, DDS will be able to implement a surplus retention process for all contracted providers. In the meantime, we are examining any and all ways that the Department can assist providers. Please know your partnership with DDS is invaluable to us and the individuals we all support.