

**PHIP FINANCE COMMITTEE**  
**FUNDING METHODOLOGY AND ALLOCATION**  
**REVIEW PROCESS**  
**February 2005**

**Definitions:**

***Funding Methodology*** - The formula used to calculate an allocation.

***Funding Allocation*** - The amount of funding distributed as a result of a funding methodology formula.

**Fund/Program Name:**

**DOH Contact:**

(Name, title, phone, email)

Need to include DOH approval process (To be determined)

Step 1- Decide when review is due – identify a timeframe for process, inform current contractors, document reason for considering a methodology and/or allocation change.

For example:

Methodology:

1. Funding methodologies should be reviewed a minimum of every ten years.
2. Review methodology formula when there are:
  - Major changes in funding
  - Major changes in data elements of the formula
  - Changes in federal requirements

Allocations:

1. Funding allocation should be reviewed every biennium to include new data as it becomes available. Update allocation when there are new data, such as:
  - Census data
  - Population updates from state
  - Volatility in the data elements of the methodology. For example:
    - Income information
    - Property tax valuation
    - Disparities
2. Update allocation when the methodology formula is updated.

Step 2 – Gather data/necessary evidence. (Staff report to include current methodology, changes in data or other evidence).

Step 3 – Identify advisors and stakeholders consistent with the following Funding Methodology and Allocation principles:

- Gather input using advisors to guide:
  - Decision-making (consensus as a goal)
  - Methodology and allocation options for consideration
  - Program strategies that are appropriate for the amount of funding
  - Technical expertise (it is recommended that the advisors include program and technical experts as well as current or potential contractors and DOH staff)

Step 4 – Identify options for allocation change with advisors. (Method of communication is up to the program).

Step 5 – Communicate options with affected stakeholders for comment (give at least 2 weeks comment period).

Step 6 – Examine comments

- If consensus, make decision
- If no clear consensus, repeat Step 4 with advisors and make decision (option to repeat Step 5).

Step 7 – Communicate decision, including evidence you listened to comments (Rules Process is an example of how the department documents response to comments).