collecting information used in the submission of false claims.

• Questionable documentation for medical necessity of professional services. Practitioners who are billing inappropriately may also enter, or fail to enter, important information on medical charts.

What To Do if You Have Information About Fraud and Abuse Against the Medicare and Medicaid Programs

If you have information about the types of activities described above, contact any of the field offices of the Office of Investigations of the Office of Inspector General, U.S. Department of Health and Human Services, at the following locations:

Field offices	States served	Telephone
Boston	MA, VT, NH, ME RI, CT	617–565–2660
New York	NY, NJ, PR, VI	212–264–1691
Philadelphia	PA, MD, DE, WV, VA	215–596–6796
Atlanta	GA, KY, NC, SC, FL, TN, AL, MS (No. District)	404–331–2131
Chicago	IL, MN, WI, MI, IN, OH, IA, MO	312–353–2740
Dallas	TX, NM, OK, AR, LA, MS (So. District), CO, UT, WY, MT, ND, SD, NE, KS.	214–767–8406
Los Angeles	AZ, NV (Clark Co.), So. CA	714–246–8302
San Francisco	No. CA, NV, AK, HI, OR, ID, WA	415–437–7960
Washington, DC	DC and Metropolitan areas of VA & MD	202–619–1900

To Report Suspected Fraud, Call or Write

1–800–HHS-TIPS, Department of Health and Human Services, Office of Inspector General, P.O. Box 23489, L'Enfant Plaza Station, Washington, D.C. 20026–3489.

Dated: May 29, 1996.

June Gibbs Brown,

Inspector General.

[FR Doc. 96–15269 Filed 6–14–96; 8:45 am]

BILLING CODE 4150–04–P

National Institutes of Health

National Institute of Mental Health; Notice of Closed Meetings

Pursuant to Section 10(d) of the Federal Advisory Committee Act, as amended (5 U.S.C. Appendix 2), notice is hereby given of the following meetings of the National Institute of Mental Health Special Emphasis Panel:

Agenda/Purpose: To review and evaluate grant applications.

Committee Name: National Institute of Mental Health Special Emphasis Panel.

Date: June 26, 1996.

Time: 1 p.m.

Place: Parklawn Building, Room 9C–26, 5600 Fishers Lane, Rockville, MD 20857.

Contact Person: Rehana A. Chowdhury, Parklawn Building, Room 9C–26, 5600 Fishers Lane, Rockville, MD 20857, Telephone: 301, 443–6470.

Committee Name: National Institute of Mental Health Special Emphasis Panel.

Date: July 8, 1996.

Time: 12 p.m.

Place: Parklawn Building, Room 9C–26, 5600 Fishers Lane, Rockville, MD 20857.

Contact Person: Sheri L. Schwartzback, Parklawn Building, Room 9C–26, 5600 Fishers Lane, Rockville, MD 20857, Telephone: 301, 443–4843.

Committee Name: National Institute of Mental Health Special Emphasis Panel.

Date: July 8, 1996.

Time: 12 p.m.

Place: Parklawn Building, Room 9C–26, 5600 Fishers Lane, Rockville, MD 20857.

Contact Person: Jean G. Noronha, Parklawn Building, Room 9C–26, 5600 Fishers Lane, Rockville, MD 20857, Telephone: 301, 443–6470.

Committee Name: National Institute of Mental Health Special Emphasis Panel.

Date: July 9, 1996.

Time: 1 p.m.

Place: Parklawn Building, Room 9C–26, 5600 Fishers Lane, Rockville, MD 20857.

Contact Person: Jean G. Noronha, Parklawn Building, Room 9C–26, 5600 Fishers Lane, Rockville, MD 20857, Telephone: 301, 443–6470.

Committee Name: National Institute of Mental Health Special Emphasis Panel.

Date: July 9, 1996.

Time: 12 p.m.

Place: Parklawn Building, Room 9C–26, 5600 Fishers Lane, Rockville, MD 20857.

Contact Person: Sheri L. Schwartzback, Parklawn Building, Room 9C–26, 5600 Fishers Lane, Rockville, MD 20857, Telephone: 301, 443–4843.

The meetings will be closed in accordance with the provisions set forth in secs. 552b(c)(4) and 552b(c)(6), Title 5, U.S.C. Applications and/or proposals and the discussions could reveal confidential trade secrets or commercial property such as patentable material and personal information concerning individuals associated with the applications and/or proposals, the disclosure of which would constitute a clearly unwarranted invasion of personal privacy.

This notice is being published less than fifteen days prior to the meetings due to the urgent need to meet timing limitations imposed by the review and funding cycle.

(Catalog of Federal Domestic Assistance Program Numbers 93.242, 93.281, 93.282)

Dated: June 10, 1996.

Susan K. Feldman,

Committee Management Officer, NIH.

[FR Doc. 96–15230 Filed 6–14–96; 8:45 am]

BILLING CODE 4140–01–M

Substance Abuse and Mental Health Services Administration

Block Grant Allocation Processes

AGENCY: Substance Abuse and Mental Health Services Administration, HHS.

ACTION: Notice and opportunity for public comment.

SUMMARY: The Substance Abuse and Mental Health Services Administration (SAMHSA) allocates funding to States and territories for the Community Mental Health Services (CMHS) Block Grant and the Substance Abuse Prevention and Treatment (SAPT) Block Grant. This notice describes the formulas which the law requires be used for distributing these funds and the information used in making the calculations.

This notice has five parts. Section I provides background information on the allocation process. Section II describes the legislation and the formulas applicable to the Community Mental Health Services Block Grant. Section III describes the legislation and the formulas applicable to the Substance Abuse Prevention and Treatment Block Grant. Section IV provides detailed information on the sources of data used in the calculations. Section V contains technical information important in making the actual calculations.

DATES: Written comments must be received by August 1, 1996. Any written comments received will be taken into

consideration and will become a matter of public record.

ADDRESSES: Written comments should be addressed to Nancy Pearce, Office of Applied Studies, Substance Abuse and Mental Health Services Administration, Room 16–105, 5600 Fishers Lane, Rockville, MD 20857, Fax (301) 443–9847.

FOR FURTHER INFORMATION CONTACT: Nancy Pearce, Office of Applied Studies, Substance Abuse and Mental Health Services Administration, Room 16–105, 5600 Fishers Lane, Rockville, MD 20857, Phone (301) 443–7978, Fax (301) 443–9847.

I. Background

The Omnibus Reconciliation Act of 1981 established a single Block Grant for supporting alcohol, drug abuse, and mental health services, the Alcohol, Drug Abuse and Mental Health Services (ADMS) Block Grant. On July 10, 1992, the ADAMHA Reorganization Act was signed into law, Public Law 102–321. This Act amended the Public Health Service Act and, among other things, established two separate Block Grants to replace the ADMS Block Grant. The Community Mental Health Services (CMHS) Block Grant supports community mental health services; the Substance Abuse Prevention and Treatment (SAPT) Block Grant supports services for the prevention and treatment of substance abuse. Public Law 102–321 also contains eligibility criteria for receipt of funds under the Grants and provides the formulas and methods for determining States and territorial allotments of funds under each type of block Grant.

Under the legislation, the Secretary of the U.S. Department of Health and Human Services (DHHS), acting through the Director of SAMHSA's Center for Mental Health Services and through the Center for Substance Abuse Treatment, determines the allotments for States and territories for both Block Grants and disburses federal funds to eligible States and territories.

In July, 1995, responsibility for calculating the amount of support each State and territory receives in a given fiscal year was assigned to the Office of Applied Studies in the Substance Abuse and Mental Health Services Administration (SAMSHA). The Center for Substance Abuse Treatment and the Center for Mental Health Services manage the grants.

SAMHSA is publishing this notice to inform the public about how block grant allocations are calculated and provide an opportunity for comment.

II. Legislative Requirements and Allocation Process for Community Mental Health Services (CMHS) Block Grant

A. Legislative Requirements

Sections 1911 through 1920 of the Public Health Service (PHS) Act establish the Community Mental Health Services (CMHS) Block Grant and rules that must be followed in making these grants. Section 1920(a) of the Act authorizes the appropriation of funds for the CMHS Block Grant; the size of the appropriation is determined each year by the Congress. Section 1920 of the Act also specifies that 5 percent of the amount appropriated in a given year shall be used by the Department of Health and Human Services (DHHS) to collect data on mental health services and patients and conduct evaluations of programs to prevent and treat mental health problems. The remaining 95 percent of any appropriation for the CMHS Block Grant must be allocated to the States and territories.

Section 1918 of the PHS Act provides formulas for making these allocations. Of the 95 percent of the appropriation available for distribution 98.5 percent must be given to the States and 1.5 percent must be distributed to the territories.

B. State Allocations

The amount of an allotment for an individual State is determined by three factors: the Population at Risk, the Cost of Services Index, and the Fiscal Capacity Index. The Population at Risk represents the relative risk of mental health problems in a State. The Cost of Services Index represents the relative costs of providing mental health services in a State. The Fiscal Capacity Index represents the relative ability of a State to pay for mental health services. The product of these three terms establishes the need for a given State.

Formulas for calculating Population at Risk and the Fiscal Capacity Index are specified in Sections 1918(a)(5) and (6) of the PHS Act. The Cost of Services Index formula is included by reference and derived from a report entitled *Adjusting the Alcohol, Drug Abuse and Mental Health Services Block Grant Allocations for Poverty Populations and Cost of Service*, dated March 30, 1990, prepared by Health Economics Research.

The law requires the estimate of the Population at Risk and the Fiscal Capacity Index be revised each fiscal year. The Cost of Services Index is revised every third fiscal year. Section 1918(a)(8) of the PHS Act provides that the first determination of the Cost of Services Index would be made on October 1, 1992. The same factor remained in effect until FY 1995 when a new Index was developed. The Index will be recalculated for FY 1998. DHHS is also directed by the legislation to ''periodically make such refinements in the methodology * * *'' for the calculation of the Cost of Services Index as are consistent with the purpose of this adjustment of the allotments. (See Technical Note B, Section V.)

C. State Calculations for the Mental Health Block Grant

The allocation for each State is calculated using equations described below. For the purposes of explanation, the subscript ''I'' is used to denote an individual State or the District of Columbia. The symbol ''Σ''is used to denote the summation over the 50 States and the District of Columbia.

General Equation:

$$SALLOC_i = 0.985*0.95*AMT*(P_i*C_i*F^i)/(\Sigma(P_i*C_i*F_i)) \quad (1)$$

where:

$SALLOC_i$ = State specific allotment of the block grant.

AMT = appropriation for mental health and related services.

P_i = State specific Population at Risk (calculated using Equation 2).

C_i = State specific Cost of Services Index (calculated using Equation 3).

F_i = State specific Fiscal Capacity Index (calculated using Equation 8).

The coefficients 0.985 and 0.95 are specified in the legislation. The first coefficient (0.985) represents the proportion of the total allocable funds available for distribution to the States and the District of Columbia. The second coefficient (0.95) represents the proportion of the total appropriation available for allocation to all recipients—the States, the District of Columbia, and the territories.

Equation for the State Population at Risk:

$$P_i = 0.107*P18–24_i+0.166*P25–44_i+0.099*P45–64_i+0.082*P65UP_i \quad (2)$$

where:

$P18–24_i$ = State specific population aged 18 to 24.

$P25–44_i$ = State specific population aged 25 to 44.

$P45–64_i$ = State specific population aged 45 to 64.

$P65UP_i$ = State specific population aged 65 and older.

The coefficients 0.107, 0.166, 0.099, and 0.082 are specified in the legislation. The population of each State by age group is obtained from the Bureau of the Census, ''Resident Population of States, by Single Year of Age,'' using the most current data available as of October 1 of each year.

Equation for the Cost of Services Index:

$C_i = 0.9$ if $0.75*W_i+0.15*R_i+0.10*S_i < 0.9$ (3)

1.1 if $0.75*W_i+0.15*R_i+0.10*S_i > 1.1$ $C_i = 0.75*W_i+0.15*R_i+0.10*S_i$ otherwise

where:

W_i = State specific wage subindex (calculated using Equation 4).

R_i = State specific rent subindex (calculated using Equation 5).

S_i = State specific supplies subindex.

The coefficients 0.75, 0.15, and 0.10 are specified in the report cited by the legislation, as is S_i, which is equal to 1 for all States and the District of Columbia. The boundary values of 0.9 and 1.1 are specified in the legislation.

Equation for State Specific Wage Subindex:

$W_i = AVGSTHW_i/AVGUSHW$ (4)

where:

$AVGSTHW_i$ = average State specific hourly manufacturing wage including overtime.

AVGUSHW = average U.S. hourly manufacturing wage including overtime.

The State and national wage data are obtained from the Bureau of Labor Statistics, Current Employment Statistics Survey, ''Employment, Hours and Earnings,'' using the most current data available as of October 1 of each year.

Equation for State Specific Rent Subindex:

$R_i = AVGSTRTi/AVGUSRT$ (5)

where:

$AVGSTRT_i$ = weighted average State specific rent (calculated using Equation 6).

AVGUSRT = weighted average U.S. rent (calculated using Equation 7).

Equation for Weighted Average State Specific Rent:

$AVGSTRTi = (\Sigma POP_{ij}*RENT_{ij})/(\Sigma POP_{ij})$ (6)

where:

POP_{ij} = population of jth subarea of the State.

$RENT_{ij}$ = fair market rent of 4-bedroom dwelling in jth subarea of the State.

Each State is subdivided into ''J'' mutually exclusive subareas that cover the State. If the State is not a New England State, population source data $PSOURCE_{ij}$ (obtained at the State, county, subdivision and place levels from the Bureau of the Census, ''Census of Population and Housing''), and rent source data $RTSOURCE_{ij}$ (obtained at the State, county, and SMSA levels from the Department of Housing and Urban Development, ''Fair Market Rents...'') are used to calculate POP_{ij} and $RENT_{ij}$ on a county-level basis (after addition of population of ''independent cities'' for HI, MD, MO, MT, and VA). If State I is a New England State, SMSA codes (obtained from the Office of Management and Budget, ''Revised Statistical Definitions of Metropolitan Areas (MAs) and Guidance on Uses of MA Definitions'') are matched to county subdivisions; the non-SMSA balances of county populations (using data obtained from the Bureau of the Census, ''Non-metropolitan New England County Names and Codes'') are determined; POP_{ij} and $RENT_{ij}$ are calculated on a township-level basis by assigning groups of FIPS codes (obtained from the Department of Commerce, ''FIPS Publications'') to SMSAs; and POP_{ij} and $RENT_{ij}$ are matched and merged.

Equation for the Weighted Average of the U.S. Rent:

$AVGUSRT = (\Sigma\Sigma POP_{ij}*RENT_{ij})/(\Sigma\Sigma POP_{ij})$ (7)

Equation for State Specific Fiscal Capacity Index:

F_i = maximum of 0.4 and $1-(0.35*((AVGTTR_i/C_i)/(\Sigma AVGTTR_i/C_i))/(P_i/\Sigma P_i))$, if specific State variable is a State, otherwise; $1-(0.35*((AVGTPI_i/C_i)/(\Sigma AVGTPI_i/C_i))/(P_i/\Sigma P_i))$ if the State variable is DC (8)

where:

$AVGTTR_i$ = State specific 3-year average Total Taxable Resources (calculated using Equation 9).

$AVGTPI_i$ = State specific 3-year average Total Personal Income (calculated using Equation 10).

The boundary value of 0.4, constant of 1, and coefficient of 0.35 are specified in the legislation.

Equation for State Specific 3-Year Average Total Taxable Resources:

$AVGTTR_i = (TTR1_i+TTR2_i+TTR3_i)/3$ (9)

where:

$TTR1_i$, $TTR2_i$ and $TTR3_i$ = State specific Total Taxable Resources, 3 most recent years.

The total taxable resources by State data are obtained from the Department of the Treasury, ''Total Taxable Resources by State, and are updated annually for all three years used in the calculations.

Equation for State Specific 3-Year Average Total Personal Income:

$AVGTPI_i = (TPI1_i+TPI2_i+TPI3_i)/3$ (10)

where:

$TPI1_i$, $TPI2_i$ and $TPI3_i$ = State specific Total Personal Income, 3 most recent years.

The total personal income by State data are obtained from the Department of Commerce, Survey of Current Business, and are updated annually for all three years used in the calculations.

D. Territory Allocations

The amount of an allotment for an individual territory is determined by multiplying the appropriation amount for allotment to all territories by the ratio of civilian population for an individual territory to the civilian population of all territories. (See Technical Note C, Section V.) Section 1918 of the PHS Act states that no territory shall receive less than a minimum allotment of $50,000 each fiscal year.

E. Territory Calculations for Mental Health Block Grant

The allocation for each territory is calculated using the equation described below. For the purposes of explanation, the subscript ''I'' is used to denote an individual territory, and the symbol ''Σ'' is used to denote the summation over all territories.

$TALLOC_i$=maximum of $50,000 and $0.015*0.95*AMT*PCCIVIL_i/\Sigma PCCIVIL_i$ (11)

where:

$PCCIVIL_i$=Civilian population per most recent decennial census for Territory I.

The coefficients 0.015 and 0.95 are specified in the legislation. They represent the proportion (0.015) of the total allocable funds to be distributed among the territories and the proportion (0.95) of the total appropriation to be allocated among the States, DC and the territories. The appropriation amount is established by Congress. The civilian population data is obtained from the Bureau of the Census, ''Estimates of Resident Population of States, by Age.'' If the Secretary determines that recent data on the civilian population of a territory are not available for a fiscal year, the law authorizes DHHS to estimate the population for the territory by modifying the most recent data to reflect the average extent of change occurring during the period in the population of all territories for which recent data do exist. (See Technical Note C, Section V.) The boundary of $50,000 is specified in the legislation.

III. Legislative Requirements and Allocation Process for Substance Abuse Prevention and Treatment (SAPT) Block Grant

A. Legislative Requirements

Sections 1921 through 1935 of the Public Health Service (PHS) Act establish the SAPT Block Grant and the rules that must be followed in making these grants. Section 1935(a) of the Act authorizes the appropriation of funds for the substance abuse block grant. The size of the appropriation is determined each year by the Congress. Section 1935(b) of the Act requires that 5 percent of the appropriated amount in a given year shall be used by DHHS for data collection to determine the incidence and prevalence of substance abuse and for technical assistance and program evaluations relevant to substance abuse treatment and prevention. The remaining 95 percent of the appropriation must be allocated among the States and territories.

Section 1933 of the PHS Act provides a formula for this allocation. The law

specifies that 98.5 percent of the total allocation available for distribution must be given to the States. The remaining 1.5 percent of the total must be distributed to the territories.

The law also provides for a direct federal allotment for Indian tribes or tribal organizations that meet certain requirements. For any tribe eligible to receive a direct allotment (See Technical Note E, Section V.), the tribe's share of the relevant State's share is the ratio of the tribe's FY 1991 allotment to that portion of the State allotment actually spent on the authorized activities.

B. State Allocations

The amount of an allotment for a specific State is determined by three factors: the Population at Risk, the Cost of Services Index, and the Fiscal Capacity Index. The Population at Risk represents the relative risk of substance abuse problems in a State. The Cost of Services Index represents the relative costs of providing substance abuse prevention and treatment services in a State. The Fiscal Capacity Index represents the relative ability of the State to pay for substance abuse related services. The product of these three terms establishes the need for a given State.

Formulas for calculating Population at Risk and the Fiscal Capacity Index are specified in legislation. The Cost-of-Services Index formula is not contained in the legislation, but is defined as a factor ''determined according to the methodology presented in the report entitled *Adjusting the Alcohol, Drug Abuse and Mental Health Services Block Grant Allocations for Poverty Populations and Cost of Service*,'' dated March 30, 1990, prepared by Health Economics Research.

The law requires the estimates of the Population at Risk and the Fiscal Capacity Index be revised each fiscal year. The Cost of Services Index is revised every third fiscal year. Section 1918(a)(8) of the PHS Act provides that the first determination of the Cost of Services Index be made on October 1, 1992. The same factor remained in effect until FY 1995 when a new Index was developed. The Index will be recalculated for FY 1998. DHHS is also directed by the legislation to ''* * * periodically make such refinements in the methodology * * *'' for the calculation of the Cost of Services Index as are consistent with the purpose of this adjustment of the allotments. (See Technical Note B, Section V.)

C. State Calculations for the Substance Abuse Block Grant

The allocation for each State is calculated using equations described below. For the purposes of explanation, the subscript ''I'' is used to denote an individual State or the District of Columbia, and the symbol ''Σ'' is used to denote the summation over the 50 States and the District of Columbia.

General Equation:

$SALLOC_i=0.985*0.95*AMT*(P_i*C_i*F_i)/(\Sigma(P_i*C_i*F_i))$ (12)

where:

$SALLOC_i$=State specific allotment of the block grant.

AMT=appropriation for substance abuse and related services.

P_i=State specific Population at Risk Index (calculated using Equation 13).

C_i=State specific Cost of Services Index (calculated using Equation 15).

F_i=State specific Fiscal Capacity Index (calculated using Equation 20).

The coefficients 0.985 and 0.95 are specified in the law. The first coefficient (0.985) represents the proportion of the total allocable funds available for distribution to the States and the District of Columbia. The second coefficient (0.95) represents the proportion of the total appropriation available for allocation to all recipients—the States, the District of Columbia, and the territories.

Equation for the State Population at Risk:

$P_i=0.5*(P18–24_i+UP18–24_i)/(\Sigma(P18–24_i+UP18–24_i))+0.5*(P25–64_i/\Sigma P25–64_i)$ (13)

where:

$P18–24_i$=State specific population aged 18 to 24.

$UP18–24_i$=State specific urban population aged 18 to 24 (calculated using Equation 14).

$P25–64_i$=State specific population aged 25 to 64.

The coefficients 0.5 are specified in the legislation. The State population by age group is obtained from the Bureau of the Census, ''Resident Population of States, by Single Year of Age,'' using the most current data available as of October 1 of each year.

Equation for the State Specific Urban Population:

$UP18–24_i=P18–24_i*UPC18–24_i/PC18–24_i$ (14)

where:

$UPC18–24_i$=State specific urban population aged 18 to 24 (per most recent decennial census).

$PC18–24_i$=State specific population aged 18 to 24 (per most recent decennial census).

Both sets of decennial census-based population data are obtained from the Bureau of the Census, Census of Population and Housing, 1990: Summary Tape File 1C. (See Technical Note D, Section V.)

Equation for the Cost of Services Index:

$C_i=0.9$ if $0.75*W_i+0.15*R_i+0.10*S_i<0.9$ (15)

1.1 if $0.75*W_i+0.15*R_i+0.10*S_i>1.1$

$C_i=0.75*W_i+0.15*R_i+0.10*S_i$ otherwise.

where:

W_i=State specific wage subindex (calculated using Equation 16).

R_i=State specific rent subindex (calculated using Equation 17).

S_i=State specific supplies subindex.

The coefficients 0.75, 0.15, and 0.10 are specified in the article cited by the legislation, as is S_i, which is equal to 1 for all States and the District of Columbia. The boundary values of 0.9 and 1.1 are specified in the legislation.

Equation for State Specific Wage Subindex:

$W_i=AVGSTHW_i/AVGUSHW$ (16)

where:

$AVGSTHW_i$=average State specific hourly manufacturing wage including overtime.

AVGUSHW=average U.S. hourly manufacturing wage including overtime.

The State and national wage data are obtained from the Bureau of Labor Statistics, Current Employment Statistics Survey, ''Employment, Hours and Earnings,'' using the most current data available as of October 1 of each year.

Equation for Weighted Average State Specific Rent Subindex:

$R_i=AVGSTRT_i/AVGUSRT$ (17)

where:

$AVGSTRT_i$=weighted average State specific rent (calculated using Equation 18).

AVGUSRT=weighted average U.S. rent (calculated using Equation 19).

Equation for Weighted Average State Specific Rent:

$AVGSTRT_i=(\Sigma POP_{ij}*RENT_{ij})/(\Sigma POP_{ij})$ (18)

where:

POP_{ij}=population of jth subarea of State I.

$RENT_{ij}$=fair market rent of 4-bedroom dwelling in jth subarea of State I.

Each State is subdivided into ''J'' mutually exclusive subareas that cover the State. If State I is not a New England State, population source data $PSOURCE_{ij}$ (obtained at the State, county, subdivision and place levels from the Bureau of the Census, ''Census of Population and Housing''), and rent source data $RTSOURCE_{ij}$ (obtained at the State, county, and SMSA levels from the Department of Housing and Urban Development, ''Fair Market Rents * * *'') are used to calculate POP_{ij} and $RENT_{ij}$ on a county-level basis (after addition of population of ''independent cities'' for HI, MD, MO, MT, and VA). If State I is a New England State, SMSA codes (obtained from the Office of Management and Budget, ''Revised Statistical Definitions of Metropolitan

Areas (MAs) and Guidance on Uses of MA Definitions'') are matched to county subdivisions; the non-SMSA balances of county populations (using data obtained from the Bureau of the Census, ''Non-metropolitan New England County Names and Codes'') are determined; POP_{ij} and $RENT_{ij}$ are calculated on a township-level basis by assigning groups of FIPS codes (obtained from the Department of Commerce, ''FIPS Publications'') to SMSAs; and POP_{ij} and $RENT_{ij}$ are matched and merged.

Equation for Weighted Average of the U.S. Rent:

$$AVGUSRT=(\Sigma\Sigma POP_{ij}*RENT_{ij})/(\Sigma\Sigma POP_{ij}) \quad (19)$$

Equation for State Specific Fiscal Capacity Index:

$$Fi=\text{maximum of } 0.4 \text{ and } 1-(0.35*((AVGTTR_i/C_i)/(\Sigma AVGTTR_i/C_i))/(P_i/\Sigma P_i)), \text{ if specific State is a State, otherwise } 1-(0.35*((AVGTPI_i/C_i)/(\Sigma AVGTPI_i/C_i))/(P_i/\Sigma P_i)) \text{ if the State variable is DC} \quad (20)$$

where:

$AVGTTR_i$=State specific 3-year average Total Taxable Resources (calculated using Equation 21).

$AVGTPI_i$=State specific 3-year average Total Personal Income (calculated using Equation 22).

The boundary value of 0.4, constant of 1, and coefficient of 0.35 are specified in the legislation.

Equation for State Specific 3-Year Average Total Taxable Resources:

$$AVGTTR_i=(TTR1_i+TTR2_i+TTR3_i)/3 \quad (21)$$

where:

$TTR1_i$, $TTR2_i$ and $TTR3_i$=State specific Total Taxable Resources, 3 most recent years.

The total taxable resources by State data are obtained from the Department of the Treasury, ''Total Taxable Resource by State,'' and are updated annually for all three years used in the calculations.

Equation for State Specific 3-Year Average Total Personal Income:

$$AVGTPI_i=(TPI1_i+TPI2_i+TPI3_i)/3 \quad (22)$$

where:

$TPI1_i$, $TPI2_i$ and $TPI3_i$=State specific Total Personal Income, 3 most recent years.

The total personal income by State data are obtained from the Department of Commerce, ''Survey of Current Business,'' and are updated annually for all three years used in the calculations.

D. Territory Allocations

The amount of an allotment for an individual territory is determined by multiplying the appropriation amount for allotment to all territories by the ratio of civilian population for an individual territory to the civilian population of all territories. (See Technical Note C, Section V.) Section 1933 of the PHS Act specifies that no territory shall receive less than a minimum allotment of $50,000 each fiscal year.

E. Territory Calculations for Substance Abuse Block Grant

The allocation for each territory is calculated using the equation described below. For the purposes of explanation, the subscript ''I'' is used to denote an individual territory, and the symbol ''**Σ**'' is used to denote the summation over all territories.

$$TALLOC_i=\text{maximum of \$50,000 and } 0.015*0.95*AMT*PCCIVIL_i/\mathbf{\Sigma}PCCIVIL_i \quad (23)$$

where:

$PCCIVIL_i$=Civilian population per most recent decennial census for Territory I.

The coefficients 0.015 and 0.95 are specified in the legislation. The first coefficient (0.015) represents the proportion of the total allocable funds to be distributed among the territories. The second coefficient (0.95) represent the proportion of the total appropriation to be allocated among the States, DC and the territories. The Congress establishes the level of the appropriation each fiscal year. The civilian population data is obtained from the Bureau of the Census, ''Estimates of Resident Population of States, by Age.'' If the Secretary determines that recent data on the civilian population of a territory are not available for a fiscal year, the law authorizes DHHS to estimate the population for the territory by modifying the most recent data to reflect the average extent of change occurring during the period in the population of all territories for which recent data do exist. (See Technical Note C, Section V.) The boundary of $50,000 is specified in the legislation.

F. Allocations to Indian Tribes and Tribal Organizations

The Red Lake Band of the Chippewa Indians in Minnesota receives a direct allocation, as provided under Section 1933(d) of the PHS Act. (See Technical Note E, Section V.) Therefore, the substance abuse block grant allocation for the State of Minnesota is apportioned between the Red Lake Band of Chippewas and the remainder of the State as provided in the law and described in the following equations.

Equation for Allotment of Funds to the Red Lake Indians:

$$RLIALLOC=SALLOC_{MN}*0.0240535 \quad (24)$$

where:

RLIALLOC=allotment for Red Lake Indians.

$SALLOC_{MN}$=Minnesota State allotment (calculated using Equation 12).

The coefficient 0.0240535 reflects FY 1991 funding, as specified by Section 1933(d) of the PHS Act.

Equation for the Allotment for the Remainder of Minnesota:

$$MNRALLOC=SALLOC_{MN}-RLIALLOC \quad (25)$$

where:

MNRALLOC=allotment for the remainder of Minnesota.

IV. Data Elements and Sources

The following table presents a list of data elements used in the allocation formulas. It identifies the agency that develops the data, the frequency with which that source agency updates the data, and includes some technical notes about the data as they are used in the allocation formulas. The table also shows the years of the data used in the FY 1996 allocations.

Data element and update frequency by source agency	Data source	Notes
Total Taxable Resources (TTR), by State—Annual.	U.S. Department of the Treasury, Office of Economic Policy. Unpublished data, dated August 24, 1994.	1. Calculations are made specifically for these block grants, and provided to SAMHSA on diskette. 2. Annual estimates include revision of estimates for the two prior years. Therefore, all three years of data are replaced each year. 3. The data used in the calculations consist of the source data as received truncated to three significant decimal places 4. FY 1996 allocations use 3-year average of data for 1991, 1992, 1993. 5. Used in Fiscal Capacity Index.

Data element and update frequency by source agency	Data source	Notes
Total Personal Income (TPI), by State—Annual.	U.S. Department of Commerce, Bureau of Economic Analysis. Survey of Current Business: Press release BEA 94–36 dated August 23, 1994, Table 3—Total Personal Income, by State and Region, 1989–93.	1. Final estimates are typically published in August, including revision of estimates for the two prior years. Therefore, all three years of data are replaced each year. 2. FY 1996 allocations use 3-year average of data for 1991, 1992, 1993. 3. Used in Fiscal Capacity Index.
Estimates of Resident Population of States, by Age—Annual.	U.S. Department of Commerce, Bureau of the Census. Unpublished estimates by the Population Division, Population Distribution Branch.	1. The only Bureau of the Census release of population estimates by single year of age (needed to create age groupings for population at risk in each block grant) is in early March for July 1 of the previous year. Data for July 1, 1993 were only released on diskette by the Population Distribution Branch, Population Division, 301–457–2385. Cost is $20. Data for subsequent years are available on the Internet; estimates on the Internet are those for the most recent year available. 2. FY 1996 allocations use estimates for July 1, 1993. 3. Used to determine Population at Risk.
Population age 18–24 and 18–24 living in urbanized areas, by State—Decennial.	U.S. Department of Commerce, Bureau of the Census. Census of Population and Housing, 1990: Summary Tape File 1C.	1. Urbanized population is used only in the substance abuse block grant. 2. The Bureau of the Census does not make intercensal estimates of the urbanized population. Therefore, data from the 1990 census are used until data from the 2000 census are available. 3. Used to determine Population at Risk.
Population by county—Decennial.	U.S. Department of Commerce, Bureau of the Census. Census of Population and Housing, 1990: Summary Tape File 1C.	1. County population is used in conjunction with Fair Market Rent in the Cost of Services Index. 2. In order to have population data for the specific geographic area configurations used in the FMR files, it is necessary to use data available only from the decennial census. 1990 data were used for FY 1996 allocations. 3. Used in Cost of Services Index
Civilian population of the U.S. territories—Varies.	U.S. Department of Commerce, Bureau of the Census, Population Division. 1990 data released in press releases, as follows: American Samoa, CB 91–242 (7/24/91); Guam, CB 91–276 (9/13/91); Northern Mariana Islands, CB 91–243 (7/24/91); Palau, CB 91–244 (7/24/91); Puerto Rico CB 91–275 (9/13/91); Virgin Islands CB 91–263 (8/23/91).	1. Each press release also included data for 1980, except for Puerto Rico. 1980 data for Puerto Rico are from report PC 80–1–A53, Table 2, page 53–10 (12/84). 2. The Bureau of the Census no longer collects data for the Federated States of Micronesia and the Republic of the Marshall Islands. See Technical Note C in Section V. 3. Inter-censal estimates are made only for Puerto Rico.
Average hourly manufacturing wage, by State—Annual.	U.S. Department of Labor, Bureau of Labor Statistics, Current Employment Statistics Survey, ''Employment and Earnings,'' May 1994. Table 2, p. 162—(Annualized) Average Hourly Earnings, by State, 1993.	1. Data include overtime. 2. FY 1996 allocations use 1993 data. 3. Used in Cost of Services Index.
U.S. average manufacturing wage—Annual.	U.S. Department of Labor, Bureau of Labor Statistics. Current Employment Statistics Survey, ''Employment and Earnings,'' May 1994. Table B–2, p. 52—National (Annualized) Average Hourly Earnings for 1993.	1. Data include overtime. 2. FY 1996 allocation uses data for 1993. 3. Used in Cost of Services Index.
Four Bedroom Fair Market Rent (FMR)—Annual.	''Section 8 Housing Assistance Payments Program; Fair Market Rent Schedules for Use in the Rental Certificate Program, Loan Management and Property Disposition Programs; Moderate Rehabilitation Program and Rental Voucher Program (24 CFR Part 888) issued by the Department of Housing and Urban Development, Office of the Secretary. FEDERAL REGISTER, September 28, 1994, Part IV; Vol 59, No. 187, pp. 49494–49553..	1. HUD is required by law to establish FMRs annually and to publish proposed and final FMR's in the FEDERAL REGISTER.

Data element and update frequency by source agency	Data source	Notes
		2. The typical cycle is a Notice of Proposed Rule Making published in late April or early May, with the Final Rule published in the last two weeks of September for an October 1 effective date. 3. Used in Cost of Services Index.
Metropolitan Area Definitions for FMR—Annual, at a minimum.	''Section 8 Housing Assistance Payments Program; Fair Market Rent Schedules for Use in the Rental Certificate Program, Loan Management and Property Disposition Programs; Moderate Rehabilitation Program and Rental Voucher Program (24 CFR Part 888) issued by the Department of Housing and Urban Development, Office of the Secretary. FEDERAL REGISTER, April 6, 1994, Part XII, Vol 59, No. 66, pp. 16408–16484.	1. The FEDERAL REGISTER notice fully documents how ''housing market areas'' are defined and how Metropolitan Area definitions are used. For non-metropolitan areas, counties are used. In New England, town definitions are used. 2. Used in Cost of Services Index

V. Technical Notes

A. Establishment of Cutoff Date for ''Most Recent Data''

The legislation for both block grants refers to use of the most recent available data in calculating the allotments for each State and territory. Section 1918(a)(5)(B) states that ''With respect to data on population that is necessary for purposes of making a determination under subparagraph (A), the Secretary shall use the most recent data that is available from the Secretary of Commerce pursuant to the decennial census and pursuant to reasonable estimates by such Secretary of changes occurring in the data in the ensuing period.'' Section 1918(a)(6)(B)(I) requires use of ''the most recent 3-year arithmetic mean of the total taxable resources of the State, as determined by the Secretary of the Treasury.'' Section 1918(a)(6)(D)(ii) requires ''the most recent 3-year arithmetic mean of total personal income in such District [the District of Columbia], as determined by the Secretary of Commerce.''

When the legislation for the two block grants was first implemented, SAMHSA staff tried to update population and other data whenever new estimates of the block grant allotments were required. This caused considerable confusion because projections of specific State allotments under the two Block Grant programs were changing constantly. Specific State allotment projections for various appropriation levels must be provided to Congress early in the budget consideration process; and changing estimates complicate the decision making process.

Given the time constraints and the need for consistent estimates for the budget process, SAMHSA now bases all calculations on the latest data available by the beginning of each fiscal year (October 1). For example, allotments for FY 1997, determined during FY 1996, employ those data available as of October 1, 1995. This approach was adopted for all allotment determinations beginning with those for FY 1996. Congress was notified of the change in approach in February, 1995.

B. Wage Data Set for Cost of Services Index

The Cost of Services Index is discussed on page 13 of the report cited in Section 1918(a)(8)(B) of the Act. According to that report ''* * * the ideal cost-of-service measure would be data on the cost of providing a standard set of substance abuse and mental health services in each State.'' The report also notes such data are not available. The report reviews several potential sources of wage data, and proposes the use of non-manufacturing wage data from the decennial Census of Population and Housing. At the time of the 1990 report, the only census information available was 1980. Those data referred to earnings in 1979. A copy of the unpublished report is available on request from the 'Information Contact' listed at the beginning of this notice.

When SAMHSA began to assemble information to make the first block grant allotment computations, the non-manufacturing wages data from the 1990 census were not yet available and the 1979 data were out-of-date. After consultation with the Comptroller General, as required by the PHS Act, SAMSHA decided to use manufacturing wage data collected annually by the Bureau of Labor Statistics (BLS) through the Current Employment Statistics Program for developing estimates for the Cost of Services Index.

There are several advantages to using manufacturing wage data. (1) Timeliness. The BLS data are collected continuously on a monthly basis. In contrast, the most recent non-manufacturing data were collected in 1989 during the decennial census and are not subject to post-census updates in the years between censuses. (2) Reliability. Hours and earnings manufacturing data are based on the actual records of gross payrolls and corresponding paid hours of employment maintained by economic establishments for a variety of tax and accounting purposes. Non-manufacturing decennial census data are based on individual self-report. (3) Scope. Manufacturing wage data are collected on a monthly basis from a large sample of manufacturing establishments from which valid estimates of wages at the State level can be made. According to the BLS ''Manual on Series Available and Estimating Methods, Current Employment Statistics Program, March 1994,'' published in March 1995, the sample contains over 61,000 manufacturing establishments. Non-manufacturing data are collected from a 1-in-6 sample of households in the decennial census, only a portion of which report non-manufacturing wage data. (4) Suitability. Because the sampling point for the BLS Current Employment Statistics Program is the economic establishment, i.e., the point at which economic activity is generated, the resulting manufacturing wage data are better suited to providing information on the geographic distribution of employment and its impact on the demand for labor as measured by wage rates.

BLS collects its data from a survey conducted in cooperation with State Employment Security Agencies, which obtain the data from a sample of employers who are able to report the actual weekly wage data from their records of payments. By contrast, the household survey method used in the decennial census to obtain non-manufacturing wage data places primary emphasis on the employment status of individuals and other demographic

characteristics of the labor force. To obtain its estimates, Census divides the total annual income due to wages reported by households by 52 to derive a weekly figure. The data are then divided by the reported number of hours worked during the census week to derive a wage value. The resulting estimate is not precise. Therefore, the BLS manufacturing wage data are used in computing the allotments under the block grants. The appropriate Congressional committees were informed of this approach.

C. Population Estimates for Territories

For both the mental health and the substance abuse block grants the law provides that the Secretary shall estimate the civilian population of a territory current if data on the civilian population of the territory does not exist. These estimates are developed by modifying the population estimates for the territories for which recent data do not exist by the average increase or decrease in the population of all territories for which there are recent data.

Data are available from the 1990 census for American Samoa, Guam, the Northern Mariana Islands, Palau, Puerto Rico and the Virgin Islands. For the Federated States of Micronesia and the Republic of the Marshall Islands the latest data on population are from 1980. The Census Bureau no longer has responsibility for collecting data from these two territories, which signed Compacts of Free Association with the United States in 1988. The 1990 population estimates for the Federated States of Micronesia and the Republic of the Marshall Islands were derived by applying the average percent change between 1980 and 1990 for the other territories to their 1980 populations. This determination was made as follows:

TERRITORY POPULATIONS FOR WHICH THE BUREAU OF THE CENSUS—COLLECTED DATA IN 1980 AND 1990 AND PERCENT CHANGE 1980–1990

Territory	1980 Population	1990 Population	Percent change
American Samoa	32,297	46,773	+44.8
Guam	105,979	133,152	+25.6
Northern Mariana Islands	16,780	43,345	+158.3
Palau	12,116	15,122	+24.8
Puerto Rico	3,196,520	3,522,037	+10.2
Virgin Islands	96,569	101,809	+5.4
Average Increase			+44.9

1990 ESTIMATED POPULATIONS OF TERRITORIES FOR WHICH THE BUREAU OF THE CENSUS NO LONGER COLLECTS DATA

Territory	1980 Population as enumerated	1990 Estimated population (using 44.9 percent average territory population increase from above table)
Federated States of Micronesia	73,087	105,903
Republic of the Marshall Islands	30,873	44,735

The Bureau of the Census has made post-1990 decennial census estimates only for Puerto Rico. With post-1990 estimates available only for Puerto Rico, the only way to adjust the population estimates for the other territories is to assume that the percentage change in the population of each is similar to the percentage change in Puerto Rico. Since the distribution of funding for each territory is proportional to its contribution to the total population of the territories, any adjustment based only on the change for Puerto Rico would not alter the allocation of funds. Therefore, the territory population data and estimates for 1990 continue to be used for allocation purposes.

D. Population in Urbanized Areas for Substance Abuse Block Grant

The formula for the SAPT block grant adjusts for the population at risk for substance abuse using the State population between 18–24 years of age living in urbanized areas and the total U.S. population between 18–24 years living in urbanized areas. The Bureau of the Census does not make inter-censal estimates of the population living in urbanized areas. Therefore, the estimates of this population group are derived from the 1990 census.

E. Indian Tribes Receiving Direct Allotments Under the Substance Abuse Block Grant

Section 1933(d) of the Act provides for separate grants for substance abuse prevention and treatment to Indian tribes or tribal organizations. Several categorical grant programs for which a number of tribes had been direct recipients were folded into the former ADMS block grant when it was established in 1981. The Red Lake Band of the Chippewa Indians in Minnesota was the only tribe or tribal organization still receiving ADMS block grant funds at the time the SAPT Block Grant was established in 1992 and is therefore the only Indian tribe currently eligible for direct receipt of funds. This group continues to receive a direct allotment under the SAPT Block Grant. The funding level for the Red Lake Indians, as determined by SAMSHA based on FY 1991 funding levels, is 0.0240535 of the total amount of the Minnesota annual allocation.

Dated: June 7, 1996.

Richard Kopanda,

Executive Officer, SAMHSA.

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