



Texas State of Office of Rural Health

2020 Rural Health Facility Capital Improvement Program (CIP)

Application Guide

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INSTRUCTIONS FOR SUBMITTING APPLICATION

The application procedures for the 2020 Rural Health Facility Capital Improvement Program (CIP) are included in this Application Guide. The procedures in this application guide supersede those published in all previous CIP application guides.

The deadline for all 2020 CIP applications is 5:00 p.m. C.T. on **March 20, 2020**. The online application form should be completed and submitted by the deadline date for an applicant to be considered for funding.

Ensure the information provided in the online application form is accurate and complete before submitting. Only one application per applicant/facility is allowed.

The 2020 CIP online application form can be accessed using the following links:

<http://www.texasagriculture.gov/GrantsServices/CapitalImprovement.aspx>

[2020 CIP Application Form](#)

Please read all materials before preparing and submitting the online application form. Failure to follow the instructions and requirements described in these guidelines may result in the disqualification of the application.

For questions regarding submission of the application and/or Texas Department of Agriculture (TDA) requirements, please contact your Texas State Office of Rural Health (SORH) Regional Coordinator:

Maria Bustamante:	Maria.Bustamante@TexasAgriculture.gov
Kathy Johnston:	Kathy.Johnston@TexasAgriculture.gov
Trish Rivera:	Trish.Rivera@TexasAgriculture.gov
Robert Shaw:	Robert.Shaw@TexasAgriculture.gov
Shari Wyatt:	Shari.Wyatt@TexasAgriculture.gov

You may also call (512) 463-0018 or email RuralHealth@TexasAgriculture.gov if you need immediate assistance.

PROGRAM RULES AND GENERAL INFORMATION

This application guide contains the requirements that all applicants are required to meet to be eligible for funding. Failure to conform to these requirements may result in the disqualification of the application. Each applicant is solely responsible for the preparation and submission of an application in accordance with the instructions in this application guide.

Statement of Purpose

The Rural Health Facility Capital Improvement Program (CIP) provides funding for rural public and non-profit hospitals to make capital improvements to existing facilities, construct new health facilities, or to purchase capital equipment.

Eligible Applicants

Eligible applicants for CIP include public and non-profit hospitals located in rural counties as defined in Section 487.301 of the Texas Government Code:

- (1) "Public hospital" - a general or special hospital licensed under Chapter 241, Texas Health and Safety Code, that is owned or operated by a municipality, county, municipality and county, hospital district, or hospital authority, and that performs inpatient and outpatient services.
- (2) "Rural County" - a county that has a population of 150,000 or less; or with respect to a county that has a population of more than 150,000 and contains a geographic area that is not delineated as urbanized by the federal census bureau, that part of the county that is not delineated as urbanized.

Award Amount

Award amounts shall not exceed **\$75,000**.

Match

Applicants are required to commit a minimum of **25% match of CIP funds requested**. For example, if requesting \$75,000 in CIP funding, an applicant must commit to a match of \$18,750 for a total project cost of \$93,750. Matching funds must be reflected within the application and must be associated with the same proposed project activities as the requested CIP funding.

Calculating CIP Grant Amount & Matching Funds

<p>For total project costs less than \$93,750:</p> <ul style="list-style-type: none">• Calculate by dividing the total project cost by 1.25. The resulting number will be the CIP grant amount. The difference between this number and the total project costs will be the amount of required funds to be matched.• <u>Example:</u> Total Project Cost = \$65,000• $\\$65,000 / 1.25 = \\$52,000$ (CIP Grant Amount)• $\\$65,000 - \\$52,000 = \\$13,000$ (Matching Funds) (Note: 25% of \$52,000 (CIP grant amount) = \$13,000 matching funds)
<p>For total project costs more than \$93,750:</p> <ul style="list-style-type: none">• Calculate by subtracting \$75,000 (the maximum CIP grant amount) from the total project costs. The resulting number will be the amount of required funds to be matched.• <u>Example:</u> Total Project Cost = \$200,000• CIP Grant Amount = \$75,000• $\\$200,000 - \\$75,000 = \\$125,000$ (Matching Funds)

Certification of Project and Matching Funds

If awarded, CIP grantees receive funding on a cost-reimbursement basis for project costs incurred during the CIP grant period. The Certification of Project and Matching Funds ensures that the entire total project costs amount for the CIP project has been secured and is available if awarded. In *Section I: Certifications and Authorizing Official Signature* of the 2020 CIP application, the applicant will certify that the entire total project cost amount is secure and available by signing in the section provided.

Proportionate Grant Reduction

The CIP grant requires matching expenditures in an amount equal to or greater than 25% of the awarded grant amount. When awarded, grant recipients will be held accountable for maintaining the required minimum 25% match of the awarded grant amount. In the event the grant recipient's match is reduced below 25%, the Department may proportionally reduce the amount of the CIP grant funds.

Eligible Uses of Grant Funds

Allowable expenses include activities that further, or sustain, a hospital's ability to provide healthcare. To include:

- Equipment - non-expendable personal property with a unit cost of more than \$5,000 and a useful life of more than one year.
- Contracts for non-medical services - includes, but is not limited to, contracts for designing, engineering, supervising, surveying, and other expenses incidental to the acquisition, construction or improvements of new hospitals.
- Patient transportation - includes, but is not limited to, contracts for patient transportation projects such as the purchase of ambulances.

- Construction - includes, but is not limited to, contracts for any construction on the hospital or outbuildings, remodel projects, and additions.

NOTE: Each application **must include** documentation supporting the costs associated with project activities. CIP funds are to be utilized specifically as proposed by an applicant within their application, if awarded. CIP funds **shall not** be utilized to reimburse an applicant for operating expenses, debt retirement, or recruitment/retention of providers.

Commitment of Key Personnel

To ensure the success of the project, key personnel directly impacted by the project should be included and involved with the planning and development of the project. Their involvement is a must to ensure the project is effectively implemented, that it will meet the identified needs, and also guarantee its sustainability. For example, if an applicant has applied for funding to purchase infant warmers, the head of the nursery department would be consulted to certify the need of the equipment and its prolonged use.

Applicants are encouraged to include letters of support from key personnel that express the need of the project and their support.

Responsibilities and Accountability of a Grantee

Grantees must comply with all guidelines and requirements of the CIP program, including compliance with all reporting requirements. Grantees are responsible for the administrative/financial control and management of the grant award. Grantees must ensure they have an adequate accounting system in place and acceptable internal controls to ensure expenditures and reimbursements are reported and maintained for a minimum of three (3) years after the conclusion of the project.

Grantees have full responsibility for the conduct of the project and for the results achieved. Each grantee shall monitor the day-to-day performance of the grant project to assure adherence to statutes, regulations, and grant terms and conditions. Grantees shall carry out the activities described in their scope of work to achieve project goals, objectives, and desired outcomes. Grantees will be accountable for all grant funds and must ensure all funds are used solely for authorized and eligible purposes. Each grantee must ensure:

- Funds are used only for activities covered by the approved project.
- Funds are not used in violation of the restrictions and prohibitions of applicable statutes.
- If applicable, budget and performance reports are completed in a timely manner.

Reporting Requirement

Project Completion Report (PCR)

Grantees are required to submit a project completion report at the end of the project reflecting the status of the project. Copies of invoices, proof of payment documentation, project photos, and similar items related to the project must be submitted along with the completion report before grant funds will be released.

SORH staff reserves the right to request any and all documentation necessary to ensure compliance with program rules and regulations.

Reimbursement Procedures

Grantees shall receive funding on a cost-reimbursement basis for project costs incurred during the CIP grant period of June 1, 2020, through May 31, 2021. Invoices for purchases outside the project period will not be reimbursed, unless prior approval is issued by the State Office of Rural Health. Once submitted, the PCR shall be reviewed and grant funds will be disbursed.

Annual Inventory of Property Report

Grantees that utilize funds to purchase equipment (non-expendable property with a unit cost of more than \$5,000 and a useful life of more than one year) shall be required to maintain an inventory list of items purchased with grant funds detailing the item's location and condition and shall be made available to TDA upon request.

Costs Incurred Prior to Grant Award

Pre-award costs are those incurred prior to the effective date of the award. If a situation occurs between the grant submission date (March 20, 2020) and the contract start date (June 1, 2020) whereby the applicant is forced to incur project costs such as the purchase of equipment, the applicant **MUST** contact the State Office of Rural Health and receive written approval prior to the purchase. Approval is on a case by case basis and issued based on the necessity of the purchase.

Prior to the contract start date of June 1, 2020, if costs are incurred without prior approval, TDA is not liable for any costs incurred by the applicant.

APPLICATION REVIEW AND SELECTION

Application Review

Applications received will be reviewed by SORH for completeness. An application may be disqualified for the following reasons which include, but are not limited to:

- Late or Incomplete Application
- Faxed Application
- Applicant is Ineligible
- No documentation supporting the cost associated with the project activities (quotes, estimates, or similar items)

Complete applications will be reviewed by SORH. The applications will be scored and ranked utilizing the scoring criteria.

Application Selection and Execution of Contract

TDA shall determine the final funding amount and terms of a CIP award. TDA reserves the right to fund projects fully or partially and to negotiate individual elements included within an application. Contingent upon available funds, the selected applicant may be requested to submit a revised project budget and project narrative. Selected applicants will receive an official Grant Agreement from TDA. The Grant Agreement is not legally binding until a grant agreement is fully executed.

False Information on Applications

If the applicant provides false information in an application that has the effect of increasing the applicant's competitive advantage, staff shall make a recommendation for action to the Director of the SORH.

Actions that the Director may make include, but are not limited to:

1. Disqualification of the application.
2. Even if an award has been made, the applicant may be liable for funds expended if adjustment to the scores would have resulted in a change in rankings for the purposes of funding.
3. Holding the applicant ineligible to apply for CIP funding for a period of (2) program years.

An applicant may request reconsideration of a decision of the SORH Director by filing a written request for reconsideration with the Administrator of the Division of Trade and Business Development. The written request should include the factual and legal basis supporting the request for reconsideration, along with supporting documentation. The Administrator shall make a written determination on applicant's request for reconsideration within sixty (60) days of TDA's receipt of the request for reconsideration.

Scoring Criteria

All eligible applications received by the published deadline will be scored and ranked utilizing the following scoring criteria.

1. The majority of CIP funding will be used for which type of project:
 - a. Life Safety Code Violation¹ 4 pts.
 - b. Patient Care Project - Equipment and Patient Transportation 3 pts.
 - c. Construction (Repairs/Remodeling/Maintenance) Project 2 pts.
 - d. Other (contract for non-medical services) 1 pt.
2. The reporting requirements in which the hospital participates:
 - a. Hospital participates in both MBQIP and HCAHPS 2 pts.
 - b. Hospital participates only in MBQIP 1 pt.
 - c. Hospital participates only in HCAHPS 1 pt.
 - d. Hospital participates in neither MBQIP nor HCAHPS 0 pts.
3. Net revenue as a percent of gross revenue²:
 - a. Less than 3% 5 pts.
 - b. Greater than or equal to 3% 2 pts.
4. Current days in net account receivables²:
 - a. Greater than 53 days 5 pts.
 - b. Between 15-53 days 2 pts.
 - c. Less than 15 days 0 pts.
5. The hospital's current ratio of assets to liabilities²:
 - a. Less than 1.25 5 pts.
 - b. Between 1.25 to 1.75 2 pts.
 - c. Greater than 1.75 0 pts.
6. Current days cash on hand for hospital²:
 - a. Less than 15 days 5 pts.
 - b. Between 15-60 days 2 pts.
 - c. Greater than 60 days 0 pt.
7. Hospital's Operating Margin (operating income/total revenue)²:
 - a. Less than 2% 5 pts.
 - b. Greater than or equal to 2% 2 pts.
8. Previous CIP funding:
 - a. Facility not awarded in 2019, 2018, 2017 25 pts.
 - b. Facility awarded in 2017, completed project 10 pts.
 - c. Facility awarded in 2018, completed project 1 pts.
 - d. Facility awarded in 2019 0 pts.

Footnotes:

1. **Life Safety Code Violation** - To receive funding points in the "Life Safety Code Violation" category, the applicant must cite the code violation, provide actual violation documentation from the agency issuing the violation, must currently be in a code violation or evidence that the facility will be placed in violation during the grant award period. If supporting documentation is not provided, no points will be given for this category.
2. **Financial Data Certification** – In *Section I: Certifications and Authorizing Official Signature* of the CIP application, the applicant will certify that the financial data (Net Revenue as a Percent of Gross Revenue %, Current Days in Net Account Receivables, Current Ratio of Assets to Liabilities %, Current Days Cash on Hand, Operating Margin) provided in the application is correct and accurate by signing in the section provided.

NOTE: If a tie-breaker is required when awarding funds, SORH will use the county poverty rate of the county where the facility is located to determine the ranking order for these applications, with a higher poverty rate taking priority.

APPLICATION INSTRUCTIONS

The following instructions will assist and offer guidance to the applicant in completing the various sections of the online application for submittal. **Since the form does not auto-save, it is highly recommended that the applicant have all necessary information available and ready to enter before entering data into the online application form. To save time, it is suggested that the applicant first print the form, review and obtain the required information, and then enter the information in the online form. It should be noted that the authorizing official signature is required on the online application form. The authorizing official may wish to assign the completion of the form to other staff member, but the application form should have the signature of the authorizing official. After reviewing and signing the application, the applicant may click the “Print Form” button to print a hard copy of the CIP application. The applicant **MUST** click the “Submit Form” button for the application to be submitted.**

Section A: Eligibility Requirement

Hospital Eligibility:

Select which type of hospital your facility is classified as according to Texas Government Code Sec. 487.301.

- Public Hospital
- Non-profit Hospital

Rural Eligibility:

Provide the name of the county and county population where your hospital is located by clicking on the link provided in the application. Use the most current available data for the county in which the applicant facility is located. If your county population is >150,000, contact your SORH Regional Coordinator listed on page 3 of this application guide to determine rural eligibility.

Section B: Applicant Information

Provide all of the following information concerning the applicant:

- Federal Tax ID Number
- Legal Business Name
- Hospital DBA (if applicable)
- Physical Address
- Mailing Address
- Phone number
- Indicate whether the applicant is delinquent on any federal debt
- Indicate if the applicant has or will seek federal or state funding for the project

Section C: Contact Personnel

Provide the following information for the *Authorized Official* (the person authorized to enter into legal agreements on behalf of the applicant) and the *Project Director* (the person designated to answer questions about the project/application):

- Full name
- Title (within the organization)
- Phone number
- Email address

Section D: Additional Information

Select the type of project for which you are requesting funding. Select only one type. If your project is composed of two types, select the type in which most of the funds is being requested. (Example: Patient Care Project Including Equipment or Patient Transportation = \$27,000, Construction = \$45,000: select Construction.)

Select the reporting requirements in which the hospital participates:

- MBQIP
- HCAHPS

Provide the applicant's financial information based on the most recent audit/financial report. If negative number, be sure to enter negative sign.

- Net Revenue As Percent of Gross Revenue (Enter nearest whole percent)
- Current Days in Net Account Receivables
- Current Ratio of Assets to Liabilities: current assets/current liabilities
- Current Days Cash on Hand
- Operating Margin: Operating Income/Total Revenue (Enter nearest whole percent)

Select the answer that describes previous CIP funding for the applicant facility.

- Facility was not awarded in 2019, 2018, 2017
- Facility was awarded in 2017, completed project
- Facility was awarded in 2018, completed project
- Facility was awarded in 2019

Section E: Project Narrative

Project Narrative Summary: Provide a brief project narrative summary in response to each of the sections found within the Project Narrative. **Since the form does not auto-save, it is highly recommended that the applicant write the Project Narrative Summary in Word or other program and then copy and paste the narrative language in the space provided. This will ensure that your information is not lost should you exit the application without submitting it. The Project Narrative Summary is limited to 1,000 words.**

- **Project Description:** *Provide a brief overview that explains the purpose of the project, the proposed purchases and activities that will occur during the project, and the estimated total project cost including state and matching funds.*
- **Problem(s) and/or Need(s):** *Provide a brief description of the problem and/or need that the CIP project addresses.*
- **Key Personnel:** *Provide a brief summary of hospital personnel who will be directly involved in the implementation the project and their roles. If applicable, commitments from other organizations may also be discussed.*

Section F: Project Budget Summary

Budget Summary: Complete the Budget Summary table to reflect the breakdown of costs of the proposed project. Ensure that all costs associated with the project (CIP funding and match, as well) are appropriately entered into the correct type of activity and that all rows and columns are totaled accurately.

Section G: Project Budget Narrative

Budget Narrative Summary: Provide clear, detailed information for expenditures associated with the CIP project. The budget narrative should contain a detailed explanation of the equipment, patient transportation, non-medical services, and/or construction that will be funded during the project term. The total estimated expenditures should be provided and reflect the quotes/estimates provided by vendors and/or contractors. Vendor quotes, contractor estimates, and similar documentation **MUST** be uploaded in the attachment section of the application. Other documentation supporting project costs may also be uploaded in the attachment section. (equipment brochures, photos, and similar supporting documentation) **Since the form does not auto-save, it is highly recommended that the applicant write the Budget Narrative Summary in Word or other program and then copy and paste the narrative language in the space provided. This will ensure that your information is not lost should you exit the application without submitting it. The Budget Narrative Summary is limited to 1,000 words.**

Section H: Attachment Section

Attachments: Applicant must upload each of the documents listed below in the attachment section of the application.

- Supporting Documentation of Project Costs (equipment/construction quotes, estimates, and other relevant supporting documentation) **(required)**
- Support Letters from Key Personnel and, if applicable, external organizations **(optional)**
- Other relevant project documents **(optional)**

Section I: Certifications and Authorizing Official Signature

Certifications: Before signing and dating the Certifications page, the Authorized Official should carefully read all of the terms and notices. The signature of the Authorized Official will acknowledge the applicant's agreement (and future compliance) with all terms.

Submission of Application: After reviewing and signing the application, the applicant may click the **“Print Form”** button to print a hard copy of the CIP application. The applicant **MUST** click the **“Submit Form”** button for the application to be submitted.

ADMINISTRATIVE INFORMATION

Right to Amend or Terminate Program

TDA reserves the right to alter, amend, or clarify any provisions, terms, or conditions of this program or any grant awarded as a result thereof, or to terminate this program at any time prior to the execution of an agreement, if TDA deems any such action to be in the best interest of TDA and of the State of Texas. The decision of TDA will be administratively final in this regard.

Proprietary Information/Public Information

The applicant is responsible for clearly designating any portion of the application that contains proprietary or trade secret information and must state the reason(s) the information is designated as such. Merely making a blanket claim the entire application is protected from disclosure because it contains proprietary or trade secret information is not acceptable and shall make the entire application subject to release under the Texas Public Information Act. In the event that a public information request for the application is received, TDA shall process such request in accordance with Section 552.305 of the Texas Government Code. Applicants are advised to consult with their legal counsel regarding disclosure issues and to take appropriate precautions to safeguard trade secrets or any other proprietary information.

All applications submitted under this program are subject to release as public information, unless the application or specific parts of any such application can be shown to be exempt from disclosure under the Texas Public Information Act, Chapter 552 of the Government Code.

Conflict of Interest

The applicant is required to disclose any existing or potential conflicts of interest relative to this grant program. Failure to disclose any such relationship may result in the applicant's disqualification or termination of agreement.

General Compliance Information

1. Grantees must comply with TDA's reporting requirements and financial procedures outlined in the grant agreement. Any delegation by the Grantee to a subcontractor regarding any duties and responsibilities imposed by the grant award must be approved in advance by TDA and shall not relieve the Grantee of its responsibilities to TDA for their performance.
2. All grant awards are subject to the availability of funds appropriated and authorized by the Texas Legislature.
3. Grantees must remain in full compliance with applicable state and federal laws and regulations. Non-compliance may result in termination of the grant or ineligibility for reimbursement of expenses.
4. Grantees must keep separate records and a bookkeeping account (with a complete record of all expenditures) for a project. Records shall be maintained for a minimum of three (3) years after the completion of the project, or as otherwise agreed upon with TDA. If any litigation, claim, negotiation, audit or other action

is initiated prior to the expiration of the three-year retention period, then all records and accounts must be retained until their destruction is authorized by TDA. TDA and the Texas State Auditor's Office (SAO), or any successor agency, reserve the right to examine all books, documents, records, and accounts relating to the project, including all electronic records, at any time throughout the duration of the agreement until all litigation, claims, negotiations, audits or other action pertaining to a grant is resolved, or until the expiration of the three-year retention period, whichever is longer. TDA and the SAO, or any successor agency, shall have access to: all electronic data or records pertaining to the grant project; the physical location where records are stored; and all locations related to project activities.

5. If the Grantee has a financial audit performed during the time the Grantee is receiving funds from TDA, upon request, TDA shall have access to information about the audit, including the audit transmittal letter, management letter, any schedules, and the final report or result of such audit.
6. Grantees must comply with Texas Government Code, Chapter 783, Uniform Grant and Contract Management, and the Uniform Grant Management Standards (UGMS).