

The purpose of this document is to explain the following reimbursement procedures:

- 1) The Sliding Scale
- 2) The Request Cap.

## **1. Reimbursement Sliding Scale**

Effective with the 2001 April-June quarter, the DPCA Rescue Committee revised the calculation for subsidy payments in the case where there were insufficient funds available to meet the requested subsidies.

Prior to April 2001 the available funds were simply spread as a flat percentage across the board. If there was only funds available to meet (say) 60% of the total amount requested that quarter, then each rescue received 60% of their request. While this was certainly an impartial approach, there was discussion about the effect that a small rescue would experience vs. a large rescue.

The results of the 2000 Rescue Survey showed that almost 50% of the rescues had fewer than 5 volunteers. The ability and flexibility to do fundraising increases as the size of the rescue increases. More importantly, the ability to leverage any unexpected costs across a bigger adoption base means that the larger rescues can absorb unexpected costs more readily than a small rescue can. Small rescues typically run on a shoestring and receiving the DPCA Rescue subsidy can make the difference between continuing in the rescue business or not.

For these reasons, the calculation of the subsidy payments was changed. If there are not enough funds to pay everybody 100% of the amount they requested then the Flexible Sliding Scale is used to calculate the payments in such a way that smaller rescues will receive a higher percentages of their requested subsidy than the larger rescues will receive.

The concept of the Flexible Sliding Scale is that each rescue's request is split into 'bands'. The 1<sup>st</sup> band is paid at 100%, the 2<sup>nd</sup> is paid at 75%, the 3<sup>rd</sup> at 50%, the 4<sup>th</sup> at 25% and any remainder at 10%. The size of the band varies each quarter and has a mathematical connection to the amount available for reimbursement, the number of Rescues applying and the amount of each claim.

It's much easier to understand in an example.

Rescue A: Requested \$	100
Rescue B: Requested \$	200
Rescue C: Requested \$	400
Rescue D: Requested \$	1,300
Total amount requested:	\$2,000
Total funds available:	\$1,000

The following table shows what each rescue will receive under the two schemes and below that is a description of the mathematics.

	<u>Request</u>	<u>Flat Rate</u>		<u>Sliding scale</u>	
		\$	%	\$	%
Rescue A:	\$ 100	\$ 50	50%	\$100	100%
Rescue B:	\$ 200	\$100	50%	\$184	92%
Rescue C:	\$ 400	\$200	50%	\$301	75%
Rescue D:	\$1,300	\$650	50%	\$414	32%

In practice, an Excel spreadsheet is used to determine the 'band' size and adjust it so as to bring the payout as close as possible to the available funds.

For this example of 4 rescues requesting a total of \$2,000 and with only \$1,000 available, the 'band' has been calculated as \$135 and the total payout is \$998.50

Rescue A:

Total of the authorized expenses = \$100  
As this is less than \$135 the whole claim is in band 1  
Calculation  
Band 1: \$100 @ 100% = 100.00  
Total Paid: \$100.00

Rescue B

Total of the authorized expenses = \$200  
This splits into 2 bands: \$135 and \$65 (65 being 200 – 135)  
Calculation  
Band 1: \$135 @100% = 135.00  
Band 2: \$ 65 @ 75% = 48.75  
Total Paid: \$183.75

Rescue C

Total of the authorized expenses = \$400  
This splits into 3 bands: \$135, \$135 and \$130 (130 being 400 – (2\*135))  
Calculation  
Band 1: \$135 @100% = 135.00  
Band 2: \$135 @ 75% = 101.25  
Band 3: \$130 @ 50% = 65.00  
Total Paid: \$301.25

Rescue D

Total of the authorized expenses = \$1,300  
This splits into 5 bands: \$135, \$135, \$135, \$135 and \$760 (being 1,300 – (4\*135))  
Calculation  
Band 1: \$135 @100% = 135.00  
Band 2: \$135 @ 75% = 101.25  
Band 3: \$135 @ 50% = 67.50  
Band 4: \$135 @ 25% = 33.75  
Band 5: \$760 @ 10% = 76.00  
Total Paid: \$413.50

The band (\$135 in the above) is calculated every quarter as it depends on the three items:-

- The number of Rescues applying that quarter
- The total amount of their claims
- \$ amount available that quarter

## **2. Reimbursement Request Cap**

Effective with the 2015 April-June quarter, the DPCA Rescue Committee introduced a ‘cap’ of \$1,500 on the reimbursement request that a rescue could submit per quarter.

The reason for this was that the Sliding Scale did not perform well where there was a significant difference between the largest requests and the remaining, majority, of smaller requests. Figure 1 shows data from the Jan-Mar 2015 quarter; seventeen rescues submitted requests and it can be seen that one request was a significant outlier.

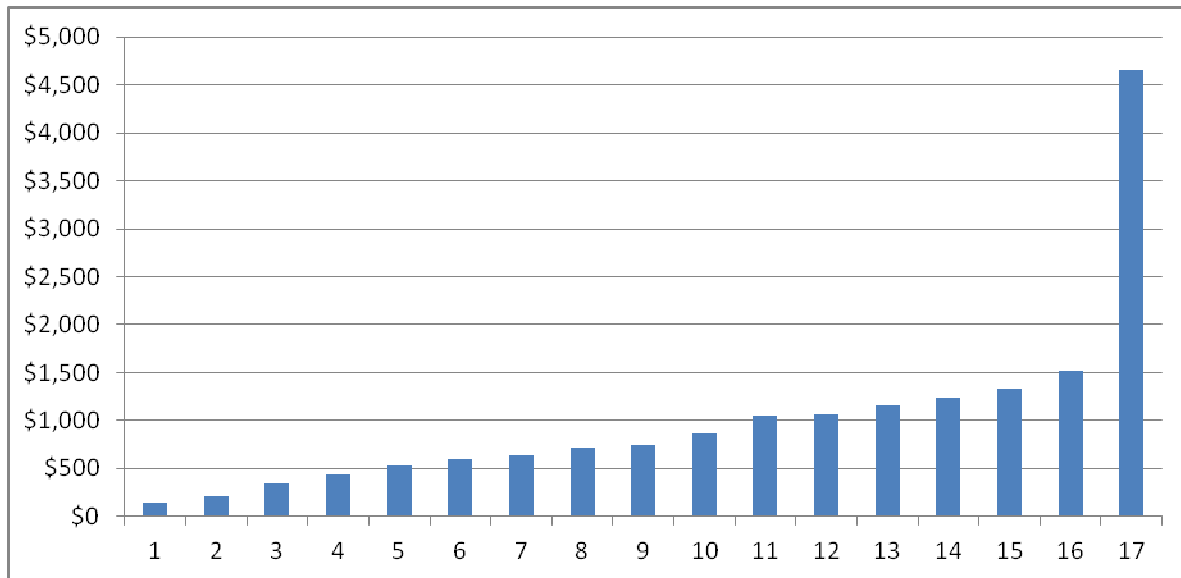


Figure 1: Quarter 1 2015.

Continuing the intent of the Sliding Scale to bias the DPCA’s support towards the smaller rescues, it was felt necessary to cap the larger requests so as to bring them more into line with the majority and allow the Sliding Scale to perform as intended.

It should be noted that this is a cap on the total “requested” and not on the total “approved”. Processing of a submission will only advance to the next dog in the submission if the total requested so far has not exceeded the cap value. If there are no errors in the submission, then the approved will be the same as the requested. If there are errors then when the requested amount max’s out at the cap, the total approved that is carried forward to the reimbursement/sliding scale calculation will be less than the ‘cap’.

If the cap was applied to the “approved” total, then a Rescue could submit for many dogs and have many errors therein, but still eventually achieve a ‘total approved’ that reached the ‘cap’. In the vernacular – this would be allowing them to throw lots of darts at the board, until eventually enough stuck thereby achieving maximum reimbursement. This is unfair to the smaller Rescues with fewer dogs. Applying the cap to the total “requested” places equal onus and consequence on each Rescue to submit correct and accurate documentation.