



**To:** Vermont House Government Operations and Military Affairs Committee  
**Subject:** Memorandum on Lund Summary of State Grants and Contracts  
**Date:** March 19, 2025  
**From:** Ken Schatz, Interim Chief Executive Officer and Timothy Keefe, Director of Finance

Timeliness of Grant/Contract execution and payment

- 9 active grants and 3 active contracts with the State
- Total value of \$7.4 million or 70% of Lund’s total revenue

Renewal date	# of grants and contracts	Completion
6/1/24 and prior	2 contracts	Both completed before their effective dates
7/1/24	4 grants and 1 contract	Executed between 71-155 days <b>after</b> their effective dates
10/1/24	4 grants	Executed between 13-37 days <b>after</b> their effective dates
1/1/25	1 new grant	Executed 40 days after the beginning of the grant period

- One of July 1 renewals was the Residential treatment contract that was signed 105 days after the commencement of the contract
- By October 2024, had outstanding receivables for the months of July, August and September totalling \$750,000 (more than 7% of Lund’s annual operating revenues from all sources)
- The large unpaid invoices **necessitated Lund to access reserve operating funds until the invoices were paid.**

Federal Funding

- Lund’s 9 grants totaling \$1.9 million include approximately \$600,000 of Federal Fund passthroughs
- In addition, Lund’s Residential Treatment Contract of \$4.2 million is more than 80% funded through Medicaid waiver dollars

Indirect Rate

- Lund’s grants use the de minimis indirect rate of 10%
- Recent rulemaking at the Federal level has increased this rate to 15% but only one grant has come through after the change with the higher rate
- Lund’s actual indirect rate has been approximately 21% in SFY24 and for the first seven months of SFY25.
- When considering an increase to the indirect rate, it is important that it lead to an overall increase in the amount of the grant. If it does not, it effectively reduces the amount of the grant that supports direct services

