

Rate Methodology Task Force

Report of the Recommendations of the Rate Methodology
Task Force to the Department of Human Services

August 2019

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Executive Summary

Pursuant to Act 55 of 2013, the Department of Human Services (DHS) was required to convene a Task Force to develop recommendations for a methodology to determine reimbursement for actual and projected costs of child welfare services which are reasonable and allowable. The Task Force developed written recommendations as to the methodology for purchase of out-of-home placement services from providers which were shared with the General Assembly in May 2014.

On June 22, 2018, the General Assembly enacted Act 40 of 2018, which amended the Human Services Code, Section 704.3. DHS reconvened the Rate Methodology Task Force (RMTF) to address the amendment, which provided DHS the opportunity to adopt components of the recommendations released May 2014.

DHS solicited participation of those members who participated in the initial RMTF. Many were able to participate again. For those who were not able to participate, replacement representation was selected to ensure that the RMTF was a fair representation of providers and County Children and Youth Agencies (CCYAs). Please see **Appendix A** for a list of participants.

DHS convened a Steering Committee of key members from the RMTF to determine the schedule and agenda for meetings.

All participants were invited to participate in an “On-Boarding” meeting to revisit the work completed by the initial Task Force. The RMTF then met monthly for a period of nine months.

The RMTF participants created a Charter (**Appendix A**) to reflect the goals and objectives of the work: addressing the requirements in Act 40 of 2018 and providing greater detail regarding the challenges in the contracting process between providers and counties. Members then reviewed recommendations from 2014 that had not yet been implemented and agreed that the following no longer met the current needs for providers and CCYAs:

- Actual Cost Report – This recommendation was specific to identification of allowable costs for federal and/or state reimbursements using the actual cost of care for Congregate Care and Foster Family Care providers. The development of independent auditor procedures for the

review of provider cost reports (Agreed Upon Procedures) and the inclusion of a Rate Adjustment Factor (RAF) were dependent on this recommendation.

- Rate Adjustment Factor – The recommendation was to utilize a RAF because the Actual Cost Report and Agreed Upon Procedures (AUP) use historical costs. The RAF would be applied directly to the total actual costs as well as the federal and/or state participation levels.
- Agreed Upon Procedures – Specified parties agree on the procedures and assume responsibility for sufficiency since they understand their own needs. A Certified Public Accountants (CPA) firm is engaged to issue a report of the findings based on the specified procedures as well as provide validity and accuracy of the private agency’s Cost Report prior to transfer of the Cost Report to DHS. The AUP ensures proper and standardized allocation of costs and proper allowability of costs.

The above recommendations were discussed, and all members agreed that the current budget documentation review process adequately met the state’s requirements to determine allowable costs. Adopting the above recommendations would result in additional costs for providers, counties and the state with little change in the results.

The RMTF utilized research conducted in the initial meetings. An overview of the current budget documentation review process was provided. Additional research was completed to collect information and analyze data:

- Participation levels approved by DHS versus actual contracted rates;
- Provider budgeted rates versus participation levels approved by DHS;
- Number of counties whose Juvenile Probation Office (JPO) and CCYA collaborate for contracting purposes;
- Challenges encountered by providers concerning the contract negotiation process; and
- Review of the Needs-Based Plan and Budget (NBPB) process.

Based on the amount of research conducted, discussions occurred to determine the appropriate areas of focus. The RMTF determined the establishment of ad-hoc workgroups (**Appendix B**) was necessary to outline the primary challenges encountered surrounding the contract negotiation process, maintaining sustainable contracted rates for providers and reviewing the budget documentation process. The ad-hoc workgroups were tasked to continue research initiated by the larger Task Force, analyze data collected, and develop appropriate recommendations within the specified timeframes.

Detailed information and final recommendations are included within this report in the subsequent sections.

The Task Force requests the ability to reconvene the RMTF in six months following review of the recommendations with the Pennsylvania Child Welfare Council.

1. Background

Following the Office of Inspector General's audit of DHS's federal Title IV-E foster care claims for periods between 1997 and 2002, the Administration for Children and Families (ACF) required that a Program Improvement Plan (PIP) be submitted and steps taken to assure DHS's compliance with Title IV-E of the Social Security Act and the Code of Federal Regulations 45 C.F.R. § 92.40(a) which includes the assurance of accurate and reasonable calculations of residential foster care per diems. Part of this PIP included developing a standard format for contracting and invoicing which would support the portion of per diems allowable for Title IV-E reimbursement. As a result, DHS's Office of Children, Youth and Families (OCYF) issued a bulletin in 2008 that mandated counties and providers gather and forward certain fiscal information to DHS for the determination of maximum allowable state and federal Title IV-E reimbursement.

As a result of a lawsuit filed by several providers, *Northwestern Youth Services, Inc. v. Com., Dep't of Pub. Welfare*, 66 A.2d 301 (Pa. 2013), the Supreme Court of Pennsylvania determined that DHS did not have the authority to institute the process through a DHS-issued bulletin but should have followed the regulatory review process to require the submission of cost information. Upon issuance of the Supreme Court's decision on April 24, 2013, DHS ceased the review of provider budget documentation.

Act 55 of 2013 amended the Public Welfare Code by adding a new section, Section 704.3. This section required a provider to submit documentation of its cost of providing placement services to DHS and authorized DHS to use the documentation to support the claim for federal and state reimbursement. Pursuant to Act 55 of 2013, DHS was also required to convene a Task Force to develop recommendations for a methodology to determine reimbursement for actual and projected costs of child welfare and juvenile justice services which are reasonable and allowable. The Task Force submitted written recommendations as to the methodology for purchase of out-of-home

placement services from providers and related payments to the General Assembly May 2014 and for other purchased services December 2014.

Act 40 of 2018 further amended Section 704.3 to permit DHS to adopt components of the recommendations of the RMTF that were released May 2014. DHS reconvened the RMTF to address the amendment.

1.1 Problem Statement

The provision of services to children under the care and jurisdiction of child welfare and juvenile justice is complex. There are funding challenges; evolving statutory and regulatory requirements; the introduction of value-based services; increased attention on evidence-based programs and services; the need for increased accountability; shifts in priorities; and, most importantly, increasing diversity, complexity and immediacy of the needs of children, youth and their families.

The Task Force is an opportunity to make changes to improve the system's strengths and coordination and decrease its deficiencies to ensure sustainable service delivery that leads to improved outcomes for Pennsylvania's children and families.

1.2 Guiding Principles

A methodology process to determine reimbursement for actual and projected costs, which are reasonable and allowable, must:

- Determine reasonable and allowable reimbursement of actual and projected costs for services provided through a standardized and streamlined process;
- Reflect the times and current environment. However, opportunities for periodic review and revisions should be built in to ensure that changing circumstances are regularly addressed;
- Be sensitive to deadlines. Timelines require both accurate and swift processing of information critical to state, county and provider budget and contract approvals;
- Be transparent and provide all stakeholders with reasonable and timely access to details of the process, requirements and decisions made;
- Reflect the statutory and practice base of Pennsylvania's juvenile justice and child welfare system — state supervised, and county administered with significant private provider provision of service;

- Provide counties with the ability to purchase the services and interventions most appropriate for children under their jurisdiction;
- Support the provision of services provided by a private sector which encourages innovation and requires accountability;
- Satisfy the federal and/or state requirements to access funding as well as provide counties with the budget information to support the total costs of the provider for consideration in the contract negotiation process;
- Support access to funding resources to provide for a workforce of qualified and adequately compensated individuals, understanding that successful outcomes are most often directly connected to the relationships established with children, youth and their families;
- Satisfy Generally Accepted Accounting Principles and audit requirements;
- Support the use of best practices and evidence-based services which align child, youth and family strengths and needs to promote improved outcomes for children and families; and
- Support access to funding resources that encourage the implementation and delivery of desired outcome focused practices.

1.3 Goals

- Review the 2014 recommendations for out-of-home placement costs to determine which recommendations ensure federal reimbursement;
- Improve the existing method to include allowable costs for purchased services as part of the NBPB request;
- Increase awareness of the Task Force members as to operational and budgetary realities and constraints at all levels - providers, counties, state and federal
- Address budget and contracting concerns in an open and transparent process that validates the partnership and relationship among private providers, counties and DHS in responding to the public mandates addressing child safety and community protection;
- Consider funding implications related to the implementation of juvenile justice and child welfare initiatives;
- Review the 2014 recommendations for out-of-home placement costs that address the purchase-of-service process between counties and service providers;

- Clearly identify the protocols to be followed to ensure that documentation requested from services providers and counties is sufficient to support claiming for federal and/or state dollars;
- Determine which cost report format should be utilized to document a service provider's budgeted costs that support the identification and delineation of allowable costs for federal and/or state reimbursement;
- Develop recommendations as necessary for statutory and regulatory changes to support the process and protocols developed by the Task Force.
- Consider funding implications related to the implementation of current and future federal and state statutes and regulations;
- Consider funding implications and options related to emerging practice precepts such as performance-based contracting and outcomes-based payment contracts as they relate to equity in access to services as well as consistency in access to funds; and
- Evaluate, on an on-going basis, the effectiveness and efficiency of the process through the use of data.

The RMTF continued to conduct regularly scheduled meetings for the next ten months (**Appendices C-K**) to begin the process of analyzing resolutions to the identified challenges within the contracting process between providers and counties and begin adopting the recommendations in a timely fashion. The RMTF determined the primary focus was to address any immediate changes that can occur that don't require additional legislation, regulatory change or time to implement.

2. Recommendations Adopted Fiscal Year 2019-20

The Budget Documentation Review process has continued to evolve since its inception with the single goal of accurately establishing the allocation of costs into allowable maintenance and allowable administrative categories. Regional trainings are offered annually to provide guidance and instruction on completion of the Budget Documentation Packets. During the trainings conducted in the fall of 2018, providers and counties were asked to provide feedback regarding the review forms and process. Based on the feedback provided and known concerns from ACF about the process, suggestions for improvement were presented to the RMTF for implementation in Fiscal Year (FY) 2019-20. Improvements included:

- Distributing FY 2019-20 budget packets and conducting training early enough to support the contract negotiation process prior to the start of FY 2019-20.
- Adjusting the Budget Documentation Packet submission timeframe to March 1, 2019 with trainings provided January/February 2019.
- Revising OCYF 3170-13-01 Bulletin, along with the Budget Documentation Packets, to reflect changes that have occurred since the Bulletin was released in 2013.
- Exploring the need to update the Residential budget template in order to accurately separate costs between administrative and maintenance expenditures.

A review of the budget documentation process conducted by ACF identified the need to separate costs allowable for the proper and efficient administration of the Title IV-E state plan from those costs to be determined to be the costs identified as Title IV-E maintenance related activities in residential settings. As a result, it was decided to add a Case Management job category to the staff roster and to split the approved calculated per diem between maintenance and administrative costs.

Task Force members agreed to adjust the Budget Documentation Packet submission deadline to March 1, 2019, if there were no penalties for non-compliance. Members understood the new truncated submission timeline might be a challenge for some in the first year. Members determined the adjusted deadline was plausible and identified the need to communicate as soon as possible to providers and CCYAs which would allow them ample time to begin preparations and conduct internal discussions.

OCYF released a draft Bulletin in January 2019 that provided instructions for completion of the budget documentation for FY 2019-20. The draft incorporated changes made to the process since 2013, including the adjustments agreed upon by the RMTF, and identified the March 1 deadline. Regional trainings were held in February for the upcoming FY 2019-20 submission. OCYF Bulletin #3170-19-01 (**Appendix L**) was released March 8, 2019.

3. Ad-hoc Workgroups

Once the RMTF finalized the FY 2019-20 recommendations, the focus became the establishment of the ad-hoc workgroups. The focus centered around the

challenges encountered throughout the contract negotiation process, providers' ability to be involved in the CCYAs NBPB, analysis of federal and state participation levels and county-contracted rates along with a review of the budget documentation process. The Task Force members established the following:

- Budget Documentation Review and Standardized Time Study Process;
- Data and Analysis Collection; and
- Inclusion of the Providers in the Needs-Based Plan and Budget.

The Task Force members decided the participants of each workgroup would consist of DHS, county and private provider members of the RMTF as well as additional providers, county fiscal and DHS staff. Each workgroup consisted of a Chair and Co-Chair to facilitate meetings and communicate with the larger Task Force.

4. Budget Documentation Review and Standardized Time Study Process

4.1 Members of the Budget Documentation Review and Standardized Time Study Process Workgroup

The Budget Documentation Review and Standardized Time Study Process ad-hoc group built upon the efforts of a prior workgroup. A listing of participants is included as **Appendix B**.

4.2 Purpose of the Budget Documentation Review and Standardized Time Study Process Workgroup

The purpose of this group was to:

- Review the current placement services budget documentation process to develop recommendations on any changes necessary to either the budget documentation and/or instructions.
 - Review current timeframes to determine whether they currently meet the needs of all stakeholders and if not, develop recommendations for timeframes and deadlines.
- Review the OCYF Standardized Time Study Pilot Process to determine the need for statewide implementation. Implementation of OCYF's standard time study process would ensure consistency across providers as well as eliminate challenges encountered by providers whose own

time study process or other quantifiable methodology is not accepted by OCYF during the review of their budget documentation.

- Determine whether to establish guidelines for providers of treatment programs on how to develop budget documentation. Such guidelines would ensure consistency across all treatment providers in the development of the budget documentation.
- Determine the need for a standard job description and program description template/criteria. Establishing standard description templates/criteria would allow for further streamlining and efficiency to the current budget documentation review process.

4.3 Process of the Budget Documentation Review and Standardized Time Study Process Workgroup

The Budget Documentation Review and Standardized Time Study Process Workgroup adopted a Charter on March 28, 2019. **(Appendix M)**

The workgroup convened on a nearly weekly basis holding mostly Web-based conference calls. Additionally, the workgroup met twice for in-person meetings on April 8, 2019 and April 22, 2019.

Tasks were assigned to members between calls or meetings as the need presented itself. Additionally, the workgroup reviewed information provided by Public Consulting Group (PCG) related to other states potential ramifications for provider non-compliance.

The workgroup gathered feedback through the Pennsylvania Council of Children, Youth and Families Services (PCCYFS) for providers who were 60+ days delayed or had not yet submitted their FY 2018-19 placement services budget documentation. This outreach was done to gather information from those providers on potential barriers to having timely submissions and to identify other resources that may be provided to assist providers.

The workgroup gathered feedback through PCCYFS' Chief Financial Officers (CFO) workgroup on options for ramifications being discussed along with feedback on proposed changes to be recommended for the placements services budget documentation. Lastly, the workgroup requested feedback from others who complete the budget packets related to methodologies available for separating shelter related expenses and additionally, the proposed changes to the placement services budget documentation was

provided for feedback. This allowed for additional input from a wider range of provider representation.

4.4 Recommendations of the Budget Documentation Review and Standardized Time Study Process Workgroup

This workgroup proposes the following recommendations:

- **Budget Documentation and Review Process**

Residential Placement Services Budget Documentation shall separate shelter related expenses for the youth from the administrative facility/operational expenses. Shelter related expenses were identified as the following costs: Rent, Maintenance and Utilities. The residential placement services budget documentation will identify Administrative Facility (Rent/Depreciation, Administrative Maintenance, Administrative Building Utilities), Shelter Facility (Rent/Depreciation), Shelter Maintenance and Shelter Building Utilities within the Facility/Operational and Direct Care Expenses section of the Residential Facility Expenditures worksheet (**Appendix N**).

Through the updating of the bulletin and respective instructions, providers will be given a suggestion for a methodology on how to separate Administrative and Direct Care Rent/Depreciation, Maintenance and Building Utilities. Providers will continue to have the option to establish a quantifiable methodology that best represents their organization and structure, however for those providers who may need assistance in developing a quantifiable methodology, one will be provided to them.

The staff reporting within the Residential, Foster Family Home/Supervised Independent Living (SIL) and Indirect Administrative Expenditures packet will be further streamlined to address provider concerns of completing the budget documentation in a timely fashion while continuing to ensure validation of staff salary allocations and distribution of allowability (**Appendix N**). The Staff Projection Sheet within the Residential and Foster Family Home/SIL packets have been eliminated. The staff roster within these two workbooks have been updated with the following changes:

- Eliminated individual staff identification column. This will allow providers to report staffing by position/titles. When developing a projected staff roster six months in advance of a fiscal year, it is difficult to know which individual staff person will be working in the program, however the provider will know how many of each position/title is needed to operate the program/services.
 - Added Prior Actual Audited Salaries and Full Time Equivalent (FTE). Due to the elimination of the Staff Projection Sheet, there is still a need to capture the audited staffing costs. This information was therefore added to the staff roster to show the change between audited and projected salaries.
 - Eliminated the following columns: Full Time or Part Time, Weeks Worked During the Year, Total Annual Salary Paid and Percentage of Total Salary Allocation to this Facility. As the staff roster is now reflected by position/titles and not individual persons, the elimination of staff specific information is not necessary.
 - Added the following columns: Projected Budget Year Number of Staff, Projected Budget Year FTE, Total Budgeted Salaries Allocated. This replaces the former individual reporting into the aggregated position/titles information.
 - Job Categories will now report the percentage of salary that should be allocated in each job category. Percentages will be determined by the provider's OCYF Standard Time Study results and/or provider's established quantifiable methodology that has been pre-approved by OCYF for use.
 - Added Actual Audited FY and Projected Budget FY Salary Distribution sections. These two sections identify the job categories within each fiscal year reporting. As percentages are entered in the previous section, these two sections will automatically distribute the Actual Audited Salaries and Total Budgeted Salaries across the applicable job categories. Providers will not need to complete these two sections. As part of OCYF's quality assurance review, once percentages are validated, the salaries will automatically distribute where applicable.
 - Added a Comments column where providers are able to provide additional clarifying information that will assist the reviewer in understanding the staff roster.
-
- **Timelines and Deadlines**

The workgroup discussed the impact of the changes made to the workbook and considered the challenges providers would face in implementing such changes. All members of the workgroup agreed on implementing the workbook changes effective beginning in FY 2021-22. This will allow OCYF time to present the changes to providers during the FY 2020-21 regional trainings. Additionally, OCYF plans an early release of the FY 2021-22 templates, instructions, trainings and additional technical assistance requested by providers.

The workgroup considered timelines and deadlines relevant for providers/DHS/CCYAs to ensure timely submission and review of information. Members of the workgroup agreed that submissions will be accepted on March 1st through April 15th, contingent on the changes to the staff reporting being made within the budget templates. Providers that have trouble meeting the deadlines identified due to extenuating circumstances must contact OCYF through the resource account ra-ocyfcontracts@pa.gov no later than April 1st to request an additional 15-day extension through May 1st. The request must include a reasonable explanation for the extension, which could include, but is not limited to, the following items:

- Turnover in leadership or fiscal staff;
- An agency merger or acquisition.

The provider will receive a response to their extension request within five business days. If DHS does not grant the extension, providers can take appropriate action consistent with an established dispute resolution process. It is assumed that all reasonable requests will be honored on a case-by-case basis. Requests for extension will be prioritized in the order they are received (i.e. there is no expedited review of extension submissions).

For Chapter 6400 Licensed Providers, the March 1st – April 15th deadline is only applicable for ongoing client cases where a previously approved rate is in effect and the child will be remaining in care. It is understood that due to the nature of placements in these facilities, individual submissions will be made by providers at the time of placement throughout the course of the year.

Any new service/program/provider seeking an established level of federal/state financial participation by July 1st will be held to the March

1st – April 15th deadline. It is understood that new service/program/provider submissions may come in throughout the course of the year as they may be created in response to a county's immediate need.

County foster family care supervised independent living and congregate care programs have a deadline of June 30th. This allows priority response to private provider submissions that require a county contract negotiation process.

1. Ramifications for Non-Submission

Any provider that does not meet the deadline (or extended deadline with approval) will receive an automatic continuation of their previous year's state determined maximum allowable federal/state level of participation as the basis for county negotiations. Provider agencies are only eligible once every five years for an automatic continuation of the previous year's approval. This continuation of the previous year's federal/state level of allowable cost determinations will only be valid for one year, during which it will be expected that the county agency and provider will meet to ensure the provider complies with rate methodology requirements for the next budget reporting period. If a provider fails to comply with DHS's placement services budget documentation review in the following four years, the provider would no longer be eligible for federal/state dollars. The county may still choose to contract with the provider utilizing 100% county funds.

A list of provider's submissions and related documents will be communicated to the county agencies to allow county agencies the opportunity to conduct follow-up.

The workgroup recommends DHS develop a dispute resolution process with timelines that allows providers a mechanism to resolve any areas of disagreement with the State Review Process findings. The dispute resolution process should be outlined in 3170 Bulletin, when updated for FY 2020-21.

2. Guidance for Providers of Treatment Services

The workgroup discussed the need for consistency in how providers are developing their placement services budget documentation when their program includes treatment services that are Medical Assistance/Managed Care Organization (MA/MCO) funded. The workgroup identified at least three different methods currently utilized by providers which leads to inconsistency in how the allowable levels of federal/state financial participation. To ensure consistency across all providers whose programs offer treatment services that are MA/MCO funded we have identified one method to be utilized in the development of the placement services budget documentation. The workgroup recommends that, where treatment services are covered by MA/MCO funding, a provider shall not include any associated treatment related costs (personnel, facility/operational, etc.). As a result of the exclusion of treatment related costs, the provider will not be required to report the applicable MA/MCO budgeted revenue.

3. Guidance for Standard Job/Program Description Criteria

The workgroup discussed whether it would be beneficial to establish a template for providers to use in the development of program descriptions and job descriptions. It was agreed by members that a template would not necessarily be beneficial, however criteria for what needs to be included in a program/job description should be identified. The workgroup recommends that DHS identify the criteria needed within a program/job description be reported through the updated 3170 Bulletin. The development of such criteria would allow for a further streamlined and efficient state review process as it will reduce the number of questions currently posed through either missing and/or unclear information.

The workgroup also recognized that the establishment of the criteria's set may require providers to change current program/job descriptions which may or may not be feasible to be changed immediately. It is understood that providers may delay the updating of their program/job descriptions as changes occur within the agency. However, as part of the state review process, questions may arise to meet the requirement of understanding program services/delivery to ensure adequate support of federal/state reimbursement.

4. Guidance for Standard Time Study Process

The workgroup discussed OCYF's current Standard Time Study Pilot and whether such process should be implemented statewide. Members of the workgroup that are also participants in OCYF's standard time study pilot provided feedback on the benefits of participating in the process. Participation in OCYF's Standard Time Study Process will ensure consistency across all participating providers, eliminates the potential for time study (or other methodology) rejection during the state review process, places the administrative responsibility of the process on OCYF, and further streamlines the state review process. The workgroup also recognized that some providers may be conducting their own time study process for multiple purposes (not just for placement services budget documentation) while other providers may be utilizing another quantifiable methodology that is not time studies that has previously been approved by OCYF without concerns presented. The workgroup evaluated that mandating OCYF's Standard Time Study Process statewide would not be beneficial for all providers and may unintentionally cause additional burdens on providers.

The workgroup members agreed to the following recommendations for a standard time study process:

- Providers operating Federal Title IV-E eligible programs will be required to participate in OCYF's Standard Time Study Process, unless exception is granted by OCYF.
- Exception may be requested by providers who;
 - Conduct their own time study process for multiple purposes beyond the placement services budget documentation process;
 - Have another quantifiable methodology that has either been previously approved in prior state review processes or they believe will meet standards for establishing accurate data for allowability of federal/state participation.
- Providers seeking an exception under the criteria set above must complete an OCYF Time Study Exception form no later than August 15th preceding each fiscal year budget submission deadlines.

- Along with the OCYF Time Study Exception form, providers will be required to submit the following:
 - Any time study guide/instructions provided to staff in the completion of the time study process (if applicable).
 - Any time study codes/definitions to be used by staff (if applicable).
 - The time study template to be used by staff (if applicable).
 - A completed time study per each unique position/title must be submitted for review if available.
 - If using a method other than time studies, an example of how the data is collected and calculated.
- Request for an exception will be processed on a first come, first served basis. Providers will receive a final determination on whether their process has been approved by DHS within 15 calendar days. If a provider disagrees with the final determination, the provider can request the decision be reconsidered within DHS for supervisory review. Any requests for reconsideration shall be made within 10 business days and DHS shall respond within 10 business days.
- The following process will be used for implementation of the statewide time study process:
 - All providers participating in OCYF's time study process will have their programs and job descriptions evaluated in Fall 2019.
 - Final determinations for staff participating in time studies will be released to providers in December 2019.
 - Time Study trainings will occur in January/February 2020.
 - Trainings will include a mix of regional, on-site and web-based based on providers needs.
 - The first round of time studies will occur between April/May 2020.
 - Completed time studies must follow within 2 weeks of time study reporting period.
 - Second rounds of time study will occur in September/October 2020.
 - Completed time studies must follow within 2 weeks of time study reporting period.
 - Results of both time study rounds will be sent to agencies between December 1st, 2020 and January 31st, 2021.

- This will allow for providers to insert the percentage allocations to the updated staff rosters beginning in FY 2021-22.

5. Data and Analysis Collection

5.1 Members of the Data and Analysis Workgroup

A listing of participants is included as **Appendix B**.

5.2 Purpose of the Data and Analysis Collection Workgroup

The purpose of the group was to support the larger Task Force with data collection and accompanying analysis to assist in making informed recommendations. The group began meeting every two weeks by Zoom conference and face-to-face meetings. Additional work was done by participants, including data analysis, to increase efficiency of the workgroup. Recommendations were formed by the group and communicated through email and Google Docs. Agreement and/or disagreement regarding proposed recommendations was discussed prior to the final recommendations being communicated to the larger Task Force.

- Support the data requests as established by the RMTF and other ad-hoc workgroups, such as and not limited to the following questions:
 - What is the difference between federal and state participation levels and county contracted rates?
 - What are the provider contracted rates compared to a national standard of inflation increases over five years?
 - What are the differences between state facility (Youth Development Center (YDC)/Youth Forestry Camps (YFC)) and private provider contracted rates?
 - What cost drivers are not realized in allocations, budgets or cost of care projections?
 - How are salaries comparable across the private provider, county and state workforce for similar positions?
 - How are fringe benefits comparable across the private provider, county and state workforce for similar positions?
- Determine what data is currently available and how it can be analyzed to present recommendations that support a financially sustainable system.

- Identify data regarding outcomes of the Child Welfare System and Juvenile Probation Services.
- Collect data that can support accurate cost projection information to be submitted to counties for inclusion in the NBPB process. The state needs justification from counties and therefore providers to better justify/quantify private provider budget increases.

5.3 Process used by Data and Analysis Workgroup

The workgroup conducted approximately seven meetings that discussed questions to be addressed, data to be collected, analysis processes and additional supports needed. Data was collected from several resources throughout state, county, and provider networks. OCYF provided several data sets to this workgroup to be analyzed. All identifying information was removed from the data prior to analysis by the group so that the data did not identify any specific services or individual providers. When utilizing public information, such as county starting salaries, identifying information was included.

Prior to workgroup development, the Task Force articulated certain data they wanted collected and potentially analyzed to develop informed recommendations; some of which were identified in purpose section above. These questions drove the workgroup's activity to provide information based on the conversations of the Task Force.

Some of the data analysis was performed by outside resources such as the International Institute for Restorative Practices Graduate School's Senior Institutional Analyst, OCYF staff and contractors, and Provider Organizations such as PCCYFS, Juvenile Detention Centers Association of Pennsylvania (JDCAP) and The IMPACT Project. The workgroup discussed data and assessment protocols and agreed upon data collection and analysis methodologies.

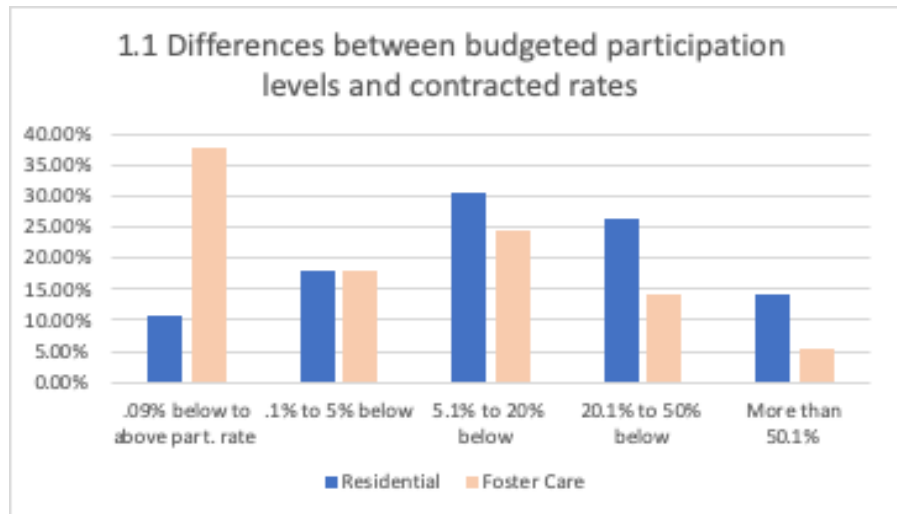
At each of the main Task Force meetings, the workgroup reported and discussed the progress of collected and analyzed data. Discussions revolved around relevancy of information and if it helped to inform the original questions. Gaps in data were identified as well as additional potential data gathering processes. The members agreed that even though some areas were within the scope of this workgroup, others could not be completed in the timeframe. This workgroup's recommendations will cover both the areas for

which data was assessed and those that will need more resources, time and energy to collect and analyze.

Results from the Data and Assessment Workgroup

Results from the Data and Assessment workgroup can be found in **Appendix O**. Areas to highlight from this report are:

- The difference between budgeted participation levels and contracted rates can be seen in graph 1.1. Key findings were that more than 70% of residential services were more than



5.1% below budgeted participation levels as compared to contracted rates and 40.39% of these services were below 20.1% of the budgeted participation levels.

- Foster care had 43.9% below 5.1% with 55.92% of these services contracted rates were in the range of 0 to -5% (see graph 1.1). Foster care service rates had less variance and the rates were more compressed.
- A trend analysis was conducted comparing Consumer Price Index Urban (CPIU) over five years from FY 2013-14 contracted rates until FY 2017-18 contracted rates.
 - A surprising data point within the trend analysis was an aggregate average of foster care rates showing an increase of only \$.92. This is an average aggregated increase of 1.4%, basically showing no increase over five years.
 - Analysis of sample services for contracted rates as compared to the CPIU over five years provided another data point to compare trends. The average contracted rate to five-year CPIU difference

within Foster Care resulted in -\$2.23 and Residential a -\$40.48. Basically, concluding that contracted rates are not keeping with the rate of inflation.

- Provider to county salaries overall showed a gap. Starting salaries for providers were at \$31,103 bachelor’s degree and \$36,354 master’s degree. When provider salaries are compared to county salaries, which are not determined based on type of degree, the differences can change dramatically within the regions but also need to be compared within the same employee competitive marketplace. The range of starting salaries for Case Worker (CW) 1-2 averaged between \$31,303 to \$39,199 and CW 3 - \$35,000 to \$44,265 (see table 2.1).

2.1 County Caseworker starting salaries	Corrected Mean Starting Salary	Mean Starting Salary, Outliers Removed using Std. Dev.	Mean Starting Salary, Normalized for 37.5 Hour Weeks
CW 1	\$31,303	\$31,343	\$31,204
CW 2	\$34,716	\$34,445	\$34,473
CW 3	\$38,726	\$38,726	\$38,237

- Fringe benefits seemed to be one of the largest gaps between provider and county employees.
 - By taking each county’s benefit percentage and creating an average and median benefits to salary ratio; the result is 44.66% and median is 43.30%.
 - If removing the highest and lowest two counties salaries to benefits averages; the result is 44.26% and the median remains the same at 43.3%.
 - State programs YDC/YFC salary to benefits average 83%.
 - Audits were conducted consisting of thirty members of PCCYFS that represented different sizes and regions; the benefits ratio ranged 13-38% with an average of 26%.
- The amount of mandates that have been implemented without appropriate funding was eye-opening for the workgroup. Several initiatives proved to be expensive that drove direct costs and maintenance/operational costs higher without immediate reimbursement. The nature of the system is to project out one and a

half years for cost reimbursement. When new mandates are initiated without appropriate funding and are placed in the NBPB process, providers need to find other resources to fund these mandates. See full report:

https://drive.google.com/file/d/1TkD7ierVPlcQ2bcfq_5OrPxRbVfnvOdv/view?usp=sharing

- The Juvenile Justice Standardized Program Evaluation Protocol (SPEP) outcome data was impressive.
 - 253 services were represented in the SPEP outcome report with more than 85% showing a score of 50 or higher.
 - When a provider scores 50 or higher they have a statistically significant probability of reducing recidivism according to Lipsey (2010 Update Assessing the Effectiveness of Programs for Juvenile Probationers).
 - Youth receiving target duration and dosage of services are not as good as the system would hope and improvement processes are being implemented to hopefully improve these outcomes (phone interview – EPIS Center).

5.4 Recommendations of the Data and Analysis Collection Workgroup

This workgroup proposes the following recommendations:

1. Continuing Data Analysis and Collection

An ongoing oversight committee should be implemented, or an additional responsibility added to the tasks of the current Resources and Cross-Categorical Subcommittee of the Pennsylvania Child Welfare Council. This group will be responsible for developing recommendations regarding the collection and dissemination of the current data points identified below, development of processes to collect further data needed, and determining the method and timeline of how available information should be shared with provider, county, and other stakeholders.

On an annual basis the following are recommended:

- Data points need to be collected on an on-going basis as data is available and shared with provider, county, and other stakeholders. Members of this workgroup should convene to review available data at meetings or events such as: Child Welfare

Council Meetings, PCCYFS Policy Days, Pennsylvania Juvenile Justice Chiefs Providers Meeting and at Pennsylvania Children and Youth Administrators, Inc. (PCYA)/ County Commissioner Association of Pennsylvania (CCAP) and Rehabilitation and Community Providers Association (RCPA) events. This information should be made available virtually as well.

- Methodologies to collect this data should include notations of potential skewing of results, outliers, or assumptions of data. For example, a mother/baby program or Medical Assistance funded program may show a drastic difference between contracted rate and participation level.
- Data points and the potential usefulness of this data are as follows:
 - Budget documentation submission deadline, date of actual submission, date preliminary review marked as incomplete, date preliminary review marked as complete submission, date assigned to an OCYF reviewer, and OCYF's finalization date time periods in aggregate. This information will be used to better understand the submission process deadlines and delays as well as the efficiency of review.
 - Average differences of the budgeted levels of federal and/or state participation compared to the provider contracted rates and separated by foster care and residential services. This information is helpful to better understand if there is a gap between posted budgeted participation levels and contracted rates but does not address the reasons why. Additional review of the specific budget documentation and conversation with the contracting county(ies) would be necessary to determine why there is a gap. A suggestion is to collect and share information using the following thresholds as appropriate due to varying provider submission requirements:
 - 0% to 5% below;
 - 5.1% to 20% below;
 - and more than 20.1%.
 - Average starting salaries for County CW 1, 2, and 3 provided by county and regionally within PA. Salaries can be broken out by caseload level, by OCYF regions, and 37.5 workweek. In the workgroup, two standard deviations were used to control for outlier salaries. County salary information is

- currently collected annually by OCYF and provides information of acceptable competitive salary ranges for similar staff education and experience.
- An average ratio of county fringe benefits and payroll taxes to salaries. This can be a sample of the counties and the information will provide a comparison data point for county and provider benefit ratios. This sample will not address differences in compensation packages which may explain variances.
 - An average ratio of provider fringe benefits and payroll taxes given every two years or when a salary study is conducted by organizations such as PCCYFS, RCPA or JDCAP. Utilizing a sample of providers, ranges of provider and county ratios should be compared to determine reasonableness with a crosswalk from the county to provider averages. This should provide guidance to ensure competitiveness in the recruitment of quality staff at both the county and private provider level.
 - OCYF should share the aggregate purchased service requests approved for inclusion in the County Child Welfare Appropriation and, if possible, separate maintenance expenditure adjustments approved as part of the overall purchased service request.
 - Additional recommendations of potential data points were explored; however, the workgroup was not able to collect or analyze these data points within the timeframe. Additional areas include child welfare financial health indicators from other states, number of services or agencies running at a deficit, cost of keeping services alive versus the cost of quality services, comparison of rates of like services from other states, and putting costs to mandates.
- The final recommendation included that provider, county and state stakeholders choose an agreed upon independent, unbiased entity to collect and analyze data on an ongoing basis.

Additional data analysis on an on-going basis, but not necessarily annually, the following are recommended:

- Rate trend data over a minimum of five years including a sample size of approximately 100 service rates (50 Foster Care and 50 Residential) as compared to the CPIU (or other recognized

National marker), over that same period can help provide a picture of system financial health. The trend data collection should be as appropriate, every 2-3 yrs.

- Service rates can be separated by all services into buckets based on their variance between their “Average Total Per Diem” and “Maximum Total Per Diem.” ([see Residential Services Chart and Foster Care Services Chart in Data and Analysis PowerPoint](#)).
- Calculate the percentage of total services in each bucket. Then multiply percentage of all services by 50, rounding to the nearest 0, to find out how many service rates should be randomly sampled from each bucket.
- Service identification numbers from each category were put into a randomization tool (<https://www.random.org/lists/>), one bucket at a time. The top X providers from each were selected from each randomized list, where X equaled the number of services selected.
 - Results of this trend data included analyzing average and median current contracted rate difference from CPIU over five years measured by percentage and dollars and comparison of aggregate rate increases from year one to year five in foster care and residential services. **(Appendix O)**. An analysis of potential suppression or at inflation rate increases will be helpful at determining if there are gaps in contracted service rates.

The following areas were identified for review, but the workgroup lacked enough time and data to make recommendations:

- Some members of the workgroup had a hypothesis that services are not funded at the cost of care. The workgroup made some efforts to create a daily calculation of the difference between contracted costs and budgeted participation levels, but the group understood that care days or units of service were not available, and outliers not excluded.
 - Data points are needed between contracted and budgeted participation levels, the units of service per day or annualized, as compared to the difference of this same calculation for budgeted participation levels.
 - This can be a sample population that is the same methodology or same sample set or like the trend analysis methodology.

This information will provide an analysis of the costs to fund services to the full participation of allowable costs. This could provide insight into how large of a gap is being created, if any, between allowable budgeted participation levels and contracted rates over time. Once enough analysis has been conducted, this information can be used on an annual basis for county, state and providers.

- Comparison of service private provider rates to state YDC/YFC rates. (See Legislative Budget and Finance Committee report). Although there is skepticism about this comparison of services, looking at the cost drivers of staff salaries, benefits, staff turnover, administrative costs could be beneficial.
- Data that includes when a new mandate from federal, state, or county legislation or determination requires a private provider to perform functions for which it has no current funds and/or the availability of new funds are either nonexistent, minimal, or delayed. Outcomes that measure the impact of the mandate would also be helpful to better understand the significance of the change. See full PCCYFS report written by Dr. Joe Abraham for the original RMTF was updated for the current RMTF May 2019. https://drive.google.com/file/d/1TkD7ierVPlcQ2bcfq_5OrPxRbVfnvOdv/view?usp=sharing
- System aggregate outcomes were collected and should be part of this discussion. When investing into the health and well-being of youth and families, reducing recidivism and improving services to meet needs – how might that be reported? Juvenile Justice System Enhancement Strategy (JJSES) provides a specific map on reducing recidivism and continual quality improvement. The SPEP was a source of outcomes for the services in juvenile justice. Data points should include total number of services SPEPed, number and percent of services scoring higher than 50, quality of service data, duration, and dosage of service to youth. The Children and Youth system uses the Child and Family Services Review (CFSR) as outcomes for safety, permanency, and well-being. This is a state and federal process that can be found in public documentation and may provide a trend analysis to see if the Children and Youth system is improving.
- Financial health of the child welfare system was difficult to ascertain. These data points need to be further explored and defined. Several discussions during the Task Force focused on indicators of financial

health for state, county, and providers. Indicators included county reserve amounts, provider reinvestment funds (retained earnings), administrative costs as compared to direct costs, line of credit availability, and cashflow. There was a proposal to possibly follow the credit bureau ratings to show health of an organization or to look at New York's new system of contracting only to financially stable service providers. These data points were not researched or clarified. Future work can look at New York's indicators which might help inform how counties can determine reasonableness of service providers financials.

6. Inclusion of the Providers' Needs in the Needs-Based Plan and Budget

6.1 Members of the Inclusion of the Providers' Needs in the Needs-Based Plan and Budget Ad-hoc Workgroup

A listing of participants is included as **Appendix B**.

6.2 Purpose of the Inclusion of the Providers' Needs in the Needs-Based Plan and Budget Workgroup

The purpose of the workgroup is to make recommendations to improve the NBPB process and to ensure meaningful involvement of state, county and providers in the process to support the ability of providers to deliver quality services to children and families and achieve the desired outcomes.

DHS's request to the Governor's Budget Office for funding of the systems, relies heavily on accurate information provided by the CCYA through the NBPB. The NBPB is the only tool available that communicates the funds needed by counties and therefore must document reliably and in detail, both the costs anticipated for counties and providers. Negotiating rates for services between counties and private providers should occur annually and is not necessarily related to the NBPB projections.

Over time, gaps have developed between the federal and/or state participation levels established by OCYF, the rates negotiated and paid by counties to most providers as evidenced by the information collected by the Data Analysis Collection Ad-hoc Workgroup.

6.3 Process Used by the Provider Inclusion in the Needs-Based Budget Process

The workgroup process consisted of approximately four meetings and several documents that were shared through email correspondence. The members developed a problem statement and then broke the problem down further by developing a list of contributing factors. After identifying the main problem, the group developed recommendations based on some overarching objectives. Limitations were identified that will likely require an ongoing need for data, analysis and potentially additional recommendations beyond the time limits of the RMTF.

During the process, surveys of both CCYAs and providers were conducted to ensure that both the problem statements and recommendations were accurate. Changes were made to reflect the information received.

The budget preparation process for the Pennsylvania Child Welfare and Juvenile Delinquency system is complex. The process is intended to be collaborative, but with hundreds of providers, sixty-seven CCYAs and the same number of Chief Probation Officers (CPOs), working on tight deadlines to produce the information that OCYF needs, the efforts to collect and provide information are, for several reasons, often fragmented and incomplete.

The workgroup identified contributing factors creating a challenge to this process:

- Many providers do not adequately understand the NBPB process and the requirements counties have in developing the plan, conducting hearings and determining 'reasonableness.' This can lead to untimely or incomplete information submitted to and by counties for inclusion in the budget. An informal polling of providers reveals that few have developed a routine process to deliver NBPB forecasted cost-related information to counties in a timely way.
- It appears that Counties may not understand the degree to which provider increases can be included in the NBPB. A survey done by PCYA shows a difference in understanding between what administrators think can be included and the instructions provided by OCYF trainings. Terms like "program enhancements," "maintenance costs," and "Cost of Living Adjustments" (COLA), are interpreted differently.
- There is a perceived lack of transparency and communication between counties and providers regarding the degree to which provider requests have been included/approved within the NBPB.

- The data and reports that currently exist are not sufficient to identify the reasons for the gap between participation rates and contracted rates in the system, contributing to feelings of misunderstanding and mistrust among many stakeholders.
- There are variations in the ways that counties communicate internally: child welfare to juvenile probation; Commissioners to controllers and/or administrators, which makes provider interactions with counties more difficult.
- Some changes providers make in their programs or administration are the result of mandates for which no funding is available at the point of the change. Sometimes these costs get included in county budget requests, but they may not be funded, at least in the first year or two. Two of the most often discussed examples are the Prison Rape Elimination Act (PREA) and proposed Federal changes to the 'Fair Labor Standards Act' –though eventually struck down by a Federal Court, many employers had changed employee salaries by 10-20%. See full PCCYFS report written by Dr. Joe Abraham for the original RMTF was updated for the current RMTF May 2019. https://drive.google.com/file/d/1TkD7ierVPlcQ2bcfq_5OrPxRbVfnvOdv/view?usp=sharing
- Timing issues can greatly impact the process. Providers submit information about their 'upcoming' needs in the spring or nearly fifteen months prior to the next fiscal year, prior to when rates are negotiated for the upcoming fiscal year. Counties use the information to develop their NBPB, which is due eleven months prior to the beginning of the next fiscal year. Frequently, counties and providers experience new requirements, changes in personnel and more/less/different child and family needs. Sometimes the effect can be that rate increases requested by counties and approved by OCYF are repurposed by the county and do not get to the provider.
- When providers are unable to negotiate a contracted rate that supports their cost of care, providers either adjust service delivery to match funding or run deficits within the programs.
- Counties and providers report significant difficulties recruiting and retaining a well-qualified workforce.

The workgroup developed goals based on the contributing factors:

- To increase the capacity of the state, counties and providers to respond to the changing nature of the child welfare and juvenile justice

environment by connecting the importance of a highly trained, well compensated workforce to improve outcomes for children;

- To improve the quality of the partnership between the major system stakeholders – the state, the counties and providers, by increasing process of communication, data collection, and transparency of costs;
- To improve the quality and timeliness of information conveyed and considered as part of the NBPB; and
- To develop the means to regularly evaluate the needed capacity of the system, to ensure all stakeholders are heard, to ensure that providers can maintain fiscal solvency in order to be able to provide quality services both now and in the future, and to act to make improvements for the future.

6.4 Recommendation of the Provider Inclusion in the Needs-Based Budget Workgroup:

This workgroup proposes the following recommendations:

1. Training to Offer Guidance to Providers and Counties

- OCYF will continue to provide trainings to both providers and counties, including some joint trainings, around the Needs-Based Plan and Budget. These trainings shall occur annually and include a facilitated discussion between the state, counties and providers relating to concerns about requests, funding, system needs, and the process. The trainings will utilize the data reports collected as recommended in the Data Analysis and Collection workgroup.
 - Nature and types of requests for increases that are appropriate for inclusion as part of the NBPB (e.g., salary adjustments, healthcare costs, capital improvements), including appropriate documentation to support such increases;
 - The 'Provider Request for Needs Based Budget Inclusion' template tool (**Appendix P**) was created and distributed among providers for feedback. This tool is an optional means of communication to assist counties with NBPB rate increase justifications on behalf of the provider for maintenance and/or program enhancements. Counties will be able to submit this tool along with their NBPB as justification on behalf of the provider while simply

referencing the attachment within their narrative. During the pilot phase, currently in process, many counties are providing the feedback to the provider in a transparent manner. The form also allows for counties to reciprocate communication to the provider regarding the county's plan to request higher rates for the provider within their NBPB submission

- In addition to the OCYF training described above, PCCYFS, PCYA, and CCAP, with participation from OCYF as appropriate, will develop training and tools to assist counties and providers with more effective ways of communicating their funding requirements and issues. This training will occur each year and will include, at a minimum:
 - County decision making timelines, including the NBPB hearing; and
 - Best practices on effective communication between counties and providers regarding the cost of care, including the use of the feedback tool, to ensure adequate funding and improved outcomes.

2. Continuing Efforts

- PCYA will provide information on the concerns and issues brought forward by the taskforce to the CCAP Human Services Committee and will work with PCCYFS to develop a future presentation to the CCAP Board of Directors and general membership on these issues and recommendations.
- In addition to the development of the trainings and best practice protocols and tool for counties and providers mentioned above, OCYF, PCCYFS, PCYA and CCAP will provide opportunities for ongoing discussions about retention and recruitment of a well-trained work force, provider concerns regarding gaps between cost of care and county negotiated rates, the requirements/costs required to improve outcomes and county funding and decision making.
- It is recommended the charter of the PA Child Welfare Council subcommittee, Resource and Cross-Categorical Subcommittee, include a yearly assessment of the capacity and fiscal health of the child welfare and juvenile delinquency system. The financial health of the system and its major assets, a well-trained and

compensated workforce, is inseverable from the goals the Council has established. However, sound the policy, it will not move forward without a regular check-in on the capacity of the system and any necessary adjustments.

Appendix A: Task Force Charter and Committee Participants

2018 Rate Methodology Task Force Charter

Purpose

Act 55 of 2013 required the Department of Human Services (DHS) to convene a Task Force to review and provide recommendation to the General Assembly on a methodology to determine reimbursement for actual and projected costs, which are reasonable and allowable, for the purchase of services from providers and for other purchased services. In May 2014, the Rate Methodology Task Force (RMTF) submitted recommendations to the General Assembly regarding a methodology for out-of-home placement costs. Many of the administrative recommendations have been implemented.

Act 40 of 2018 amended the Human Services Code to permit DHS to include components of the Task Force recommendations as part of the provider documentation to ensure federal reimbursement. The Task Force has been reconvened to review the recommendations made by the original Task Force in 2014 and identify an action plan to move those recommendations that ensure federal reimbursement forward.

The Task Force will also utilize this opportunity to review and develop recommendations and action plans to improve the overall budget documentation review and contracting process that will contribute to the strength and adequacy of the reimbursement system, regardless of funding source.

Problem Statement

The provision of services to children under the care and jurisdiction of child welfare and juvenile justice is complex. There are funding challenges; evolving statutory and regulatory requirements; the introduction of value-based services; increased attention on evidence-based programs and services; the need for increased accountability; shifts in priorities and; most importantly; increasing diversity; complexity and immediacy of the needs of children, youth and their families.

The Task Force is an opportunity to make changes to improve the system's strengths and coordination and decrease its deficiencies to ensure sustainable

service delivery that leads to improved outcomes for Pennsylvania’s children and families.

Guiding Principles

A methodology process to determine reimbursement for actual and projected costs, which are reasonable and allowable, must:

- Determine reasonable and allowable reimbursement of actual and projected costs for services provided through a standardized and streamlined process;
- Reflect the times and current environment. However, opportunities for periodic review and revisions should be built in to ensure that changing circumstances are regularly addressed;
- Be sensitive to deadlines. Timelines require both accurate and swift processing of information critical to state, county and provider budget and contract approvals;
- Be transparent and provide all stakeholders with reasonable and timely access to details of the process, requirements and decisions made;
- Reflect the statutory and practice base of Pennsylvania's juvenile justice and child welfare system — state supervised, and county administered with significant private provider provision of service;
- Provide counties with the ability to purchase the services and interventions most appropriate for children under their jurisdiction;
- Support the provision of services provided by a private sector which encourages innovation and requires accountability;
- Satisfy the federal and/or state requirements to access funding as well as provide counties with the budget information to support the total costs of the provider for consideration in the contract negotiation process;
- Support access to funding resources to provide for a workforce of qualified and adequately compensated individuals, understanding that successful outcomes are most often directly connected to the relationships established with children, youth and their families;
- Satisfy Generally Accepted Accounting Principles and audit requirements;
- Support the use of best practices and evidence-based services which align child, youth and family strengths and needs to promote improved outcomes for children and families; and
- Support access to funding resources that encourage the implementation and delivery of desired outcome focused practices.

Rationale

Recognizing that funding for child welfare and juvenile justice-related services is built upon a complex mix of local, state and federal dollars, a valid, verifiable, and well-documented methodology process for determining the levels of state and federal participation is essential. Recognizing as well that the majority of counties purchase services from private service providers, a valid methodology is needed to ensure that reasonable and allowable dollars are connected to supporting continued delivery of these mandated and desired programs and services.

This Task Force is reviewing the May 2014 recommendations submitted to the General Assembly to determine if revisions are needed to the previously developed methodology that supports the reimbursement for purchased services based on the actual and projected costs incurred by providers, which are reasonable and allowable as defined by the related funding sources. The Task Force will also address the challenges experienced in the purchase-of-service process between counties and providers. The broad scope of the costs of doing business as a service provider in the Commonwealth will be compiled and considered. The scope of this work includes the development of documentation details and formats to ensure that federal and/ or state funding to support the costs of providing placement services to children and youth continues without disruption.

Goals

- Review the 2014 recommendations for out-of-home placement costs to determine which recommendations ensure federal reimbursement;
- Improve the existing method to include allowable costs for purchased services as part of the needs-based plan and budget request;
- Increase awareness of the Task Force members as to operational and budgetary realities and constraints at all levels - providers, counties, state and federal
- Address budget and contracting concerns in an open and transparent process that validates the partnership and relationship among private providers, counties and the Commonwealth in responding to the public mandates addressing child safety and community protection;
- Consider funding implications related to the implementation of juvenile justice and child welfare initiatives;

- Review the 2014 recommendations for out-of-home placement costs that address the purchase-of-service process between counties and service providers;
- Clearly identify the protocols to be followed to ensure that documentation requested from services providers and counties is sufficient to support claiming for federal and/or state dollars;
- Determine which cost report format should be utilized to document a service provider's budgeted costs that support the identification and delineation of allowable costs for federal and/or state reimbursement;
- Develop recommendations as necessary for statutory and regulatory changes to support the process and protocols developed by the Task Force.
- Consider funding implications related to the implementation of current and future federal and state statute and regulations;
- Consider funding implications and options related to emerging practice precepts such as performance-based contracting and outcomes-based payment contracts as they relate to equity in access to services as well as consistency in access to funds; and
- Evaluate, on an on-going basis, the effectiveness and efficiency of the process through the use of data.

2014 Administrative Recommendations

The following 2014 administrative recommendations were adopted by DHS:

- Eliminated the county-reviewer in the pre-contractual budget documentation review process;
- The Office of Children, Youth and Families (OCYF) adheres to a 120-day timeframe for completion of the review once a complete submission is received;
- OCYF implemented a standardized time study pilot in FY 2015-16 which includes guidance and training opportunities for participating providers; and
- OCYF has approved a waiver of Title 55 Pa Code §3170.84 (a)(2) since FY 2014-15.

Points for Discussion

The following recommendations require additional analysis and discussion:

- Review Actual Cost Report, more specifically identifying actual total costs and allowable Act 148 and Title IV-E costs;
- Discuss the Rate Adjustment Factor (RAF) since the RAF is applied to total actual costs as well as Act 148/Title IV-E county share reimbursement rates;
- Review and discuss Agreed Upon Procedures to ensure continuation of proper allowability of costs and proper and standardized allocation costs;
- The Standardized Service/Jobs Descriptions defining specific position categories, characteristics and specific activities; and
- Review timelines and deadlines associated with cost report submission, consideration of request for 30-day and 60-day extension.

The remaining items will also be considered:

- Review of current data on negotiated rates/ranges of purchased services;
- Compilation of county-specific contract standards to address equity, consistency and accuracy in the associated contract process;
- Benefits to full implementation of a standardized time study process;
- Adoption of revisions requested by the Administration for Children and Families to ensure federal reimbursement;
- Consider separately identifying residential facility rent expenses between those considered federally reimbursable as an administrative expense and those that are federally reimbursable as a maintenance expense; and
- Other items as identified by the Task Force.

Boundaries

- A fresh approach and willingness to think openly and constructively is required;
- Discussion should focus on general funding and purchase of service/contracting methods and not specific public or private agency experience;
- Active and regular participation in the Task Force discussions is expected. Once a vote is taken on an issue/topic/recommendation; it will not be revisited due to an absent participant's request. The timeline

for development of recommendations requires preparation and participation;

- All recommendations are subject to legal review and approval by the General Assembly as needed for statutory amendments;
- The need for compromise and negotiation is integral to successful outcomes, and all alternatives proposed will be given due consideration by the Task Force as a group;
- Written records of meetings will reflect areas of consensus as well as unresolved/ disputed points of discussion;
- Development of additional operational ground rules will be addressed as the group convenes and will include consideration of a process to report minority opinions, agreements, consensus, and how votes on issues will be taken. Votes will be taken by a two-thirds majority vote. Motion will be made with a second motion and final vote; and
- Since appointment to the Task Force is person-specific and the appointed individual holds the authority to vote, no substitutes/proxy votes can be considered.

Timeframes

The meeting dates and locations are as follows:

- While most meetings will be conducted where in-person attendance for presentations/ discussions will be strongly encouraged, there will be occasions where conference calls/WebEx sessions will be available. In-person meetings will be held in the greater Harrisburg area. Frequency and duration of Task Force meetings will be determined by the larger Task Force;
- The need for smaller ad-hoc workgroups is identified to support the work of the larger Task Force. These ad-hoc workgroups may be convened by providers, the counties and/or DHS as needed to ensure that the process remains focused and timely. The composition of the groups may vary, based on topics. The determined need and identified members will be determined by the larger Task Force;
- The reconvened Task Force held an On-Boarding meeting on Wednesday September 12, 2018;
- The reconvened Task Force kickoff meeting was held on Monday October 15, 2018; and
- Monthly meetings are scheduled through June 2019.

Communication Plan

- DHS will provide record keeping services at each scheduled session and will distribute documentation to all Task Force members within a timely manner;
- All work compiled through ad-hoc workgroups will be compiled by the workgroup members and presented to the larger Task Force;
- Progress and status updates will be distributed to all stakeholders Via e-mail and conference calls;
- Interim reports will be provided to the General Assembly as an update on progress, decisions made and to request feedback as appropriate; and
- At the conclusion of each meeting, the Task Force members will indicate which key messages can be shared.

Task Force Members

The Task Force will include the following:

- The Deputy Secretary for the Office of Children, Youth and Families or a designee of the Deputy Secretary;
- One representative from each of the Program, Policy and Fiscal Bureaus of OCYF;
- No fewer than four representatives from County Children and Youth offices;
- Two representatives from County Juvenile Probation offices;
- One or two representatives from the County Commissioners Association and/or a county commissioner or executive;
- No fewer than five private service provider agencies representing the diversity of purchased services;
- One representative from the Pennsylvania Council of Children, Youth and Family Services;
- One representative from the Juvenile Court Judges' Commission; and
- One representative from the Rehabilitation and Community Providers Association.

Note: It is anticipated that some county and provider representatives may change as the focus of the Task Force moves from placement services to other non-placement and community-based options.



Private Providers

Nancy Kukovich, Chief Executive Officer
Adelphoi

Kim Young, Vice President
The Bair Foundation

Craig Adamson, President
Community Service Foundation Buxmont (CSF Buxmont)

Jay Deppeler, President and Chief Executive Officer
Edison Court

Michelle Gerwick, Chief Financial Officer
George Junior Republic

Mark Palastro, Chief Financial Officer
Holy Family Institute

Trish Fawver, Corporate Vice President of Finance
Merakey

Robert Hausmann, Chief Information Officer
Tabor Community Services

County Children & Youth Agencies

Dan Evancho, Assistant Deputy Director
Allegheny County Department of Human Services

Michelle Horst, Program Specialist 2/Contract Manager
Tabita Quashigah, Fiscal Contracts Program Specialist 1
Dauphin County Children and Youth

Diane Cottrell, Northwest Regional Lead and Contract Consultant
Erie County Office of Children and Youth

Elaine Kita, Administrative Officer II
Northampton County Children, Youth and Families Division



Chris Simi, Deputy Commissioner, Finance
Philadelphia Department of Human Services

Anne Bennett, Fiscal Officer
Union County Children and Youth Services

County Juvenile Probation Offices

Bill Rufe, Deputy Chief Juvenile Probation Officer
Bucks County Juvenile Probation Department

Susan Claytor, Deputy Director
York County Juvenile Probation

County Commissioners

Jack Matson, County Commissioner
Jefferson County

Commonwealth Staff and Associates

Cathy Utz, Deputy Secretary
Office of Children, Youth and Families

Gloria Gilligan, Director
Bureau of Budget and Fiscal Support
Office of Children, Youth and Families

Roseann Perry, Director
Bureau of Children and Family Services
Office of Children, Youth and Families

Melissa Erazo, Operations Supervisor
Public Consulting Group

Sandy Shedlock, Operations Manager
Public Consulting Group

Additional Members



Richard Steele, Executive Director
Juvenile Court Judges' Commission

Brian Bornman, Executive Director
Pennsylvania Children and Youth Administrators, Inc.

Teri Henning, Executive Director
Pennsylvania Council of Children, Youth and Family Services

Robena Spangler, Director
Rehabilitation & Community Providers Association

Appendix B: Task Force Ad-hoc Workgroup Participants

Ad-hoc Workgroup Participants

Budget Documentation Review and Standardized Time Study Process Workgroup

Co-Chairs

Melissa Erazo, Operations Supervisor
Public Consulting Group

Ed DePasquale, Chief Financial Officer
Adelphoi

Members

Nancy Kukovich, Chief Executive Officer
Adelphoi

Michelle Gerwick, Chief Financial Officer
George Junior Republic

Emily Reed, Director of Finance
Families United Network

Beth Ramsey, Senior Accountant
Adelphoi

Tabita Quashigah, Fiscal Contracts Program Specialist 1
Dauphin County Children and Youth

Diane Cottrell, Northwest Regional Lead and Contract Consultant
Erie County Office of Children and Youth

Elaine Kita, Administrative Officer II
Northampton County Children, Youth and Families Division

Anne Bennett, Fiscal Officer
Union County Children and Youth Services



Evelyn Cruz, Fiscal Officer
York County Office of Children Youth and Families

Data Collection and Analysis Workgroup

Co-Chairs

Dr. Craig W. Adamson, President
Community Service Foundation Buxmont (CSF Buxmont)

Diane Cottrell, Northwest Regional Lead and Contract Consultant
Erie County Office of Children and Youth

Members

Robert Haussmann, Chief Information Officer
Tabor Community Services

Nancy Kukovich, Chief Executive Officer
Adelphoi

Dr. Joe Abraham, President and Chief Executive Officer
The IMPACT Project, Inc.

Courtney Wagaman, Executive Director
The IMPACT Project, Inc.

Anne Bennett, Fiscal Officer
Union County Children and Youth Services

Teri Henning, Executive Director
Pennsylvania Council of Children, Youth and Family Services

Gloria Gilligan, Director
Bureau of Budget and Fiscal Support
Office of Children, Youth and Families

Wayne Bear, Executive Director
Juvenile Detention Centers & Alternative Programs/County Commissioners
Association of PA

Sandy Shedlock, Operations Manager



Public Consulting Group

Inclusion of the Providers' Needs in the Needs Based Plan and Budget Workgroup

Co-Chairs

Nancy Kukovich, Chief Executive Officer
Adelphoi

Brian Bornman, Executive Director
Pennsylvania Children and Youth Administrators, Inc.

Members

Dr. Craig W. Adamson, President
Community Service Foundation Buxmont (CSF Buxmont)

Robert Haussmann, Chief Information Officer
Tabor Community Services

Michelle Gerwick, Chief Financial Officer
George Junior Republic

Jay Deppeler, President and Chief Executive Officer
Edison Court

Kim Young, Vice President
The Bair Foundation

Dan Evancho, Assistant Deputy Director
Allegheny County Department of Human Services

Elaine Kita, Administrative Officer II
Northampton County Children, Youth and Families Division

Tabita Quashigah, Fiscal Contracts Program Specialist 1
Dauphin County Children and Youth

Bill Rufe, Deputy Chief Juvenile Probation Officer
Bucks County Juvenile Probation Department



Susan Claytor, Deputy Director
York County Juvenile Probation

Jack Matson, County Commissioner
Jefferson County

Gloria Gilligan, Director
Bureau of Budget and Fiscal Support
Office of Children, Youth and Families

Roseann Perry, Director
Bureau of Children and Family Services
Office of Children, Youth and Families

Sandy Shedlock, Operations Manager
Public Consulting Group

Teri Henning, Executive Director
Pennsylvania Council of Children, Youth and Family Services

Appendix C: Task Force On-Boarding Presentation, September 12, 2018



Rate Methodology Task Force

September 12, 2018

1



Agenda

- Welcome and Introductions
- Purpose
- Background
- Recommendations
- Questions & Answers
- Action Items/Next Steps
- Rate Methodology Task Force Participants

2

Purpose

Rate Methodology Task Force (RMTF) reconvened to address the recent amendment of the Human Services Code (Act 40 of 2018) which provides the Department of Human Services (DHS) the opportunity to adopt components of the recommendations of the RMTF released May 2014.

9/12/2018

3

Background

- DHS issued a bulletin in 2008 that mandated counties and providers to gather and forward certain fiscal information for the determination of maximum allowable Act 148 state and Title IV-E federal reimbursement.
- As a result of a lawsuit by several providers, the Supreme Court of Pennsylvania determined that DHS did not have the authority to institute the process through a bulletin.
- Upon issuance of the Supreme Court's decision, DHS ceased the review of provider fiscal packets.

4

Background

- Act 55 passed on July 9, 2013. The law amended the Human Services Code by adding Section 704.3.
- This section required a provider to submit documentation of its cost of providing placement services to DHS and authorized DHS to use the documentation to support the claim for federal and state reimbursement.
 - This section was subsequently amended each fiscal year to provide authorization.

5

Background

- Pursuant to Act 55 of 2013, DHS was required to convene a Task Force to develop recommendations for a methodology to determine reimbursement for actual and projected costs of child welfare services which are reasonable and allowable.
- The Task Force developed written recommendations as to the methodology for purchase of out-of-home placement services from providers. These recommendations were shared with the General Assembly in May 2014.
- The Task Force provided written recommendations for other purchased services December 2014.

6

Background

- June 22, 2018 the General Assembly enacted Act 40 of 2018, which amended the Human Services Code, Section 704.3:
 - “The Department may include components of the recommendations of the Rate Methodology Task Force established under this section as part of the provider documentation to ensure federal reimbursement.”
 - Also removed the sunset date for DHS to review and use a provider’s budgeted cost documentation to support DHS’s claim for federal funding and for state reimbursement for allowable direct and indirect costs incurred in the provision of out-of-home placement services.

9/12/2018

7

Prior RMTF Activities

- Developed a Charter
- Conducted research
 - Review of other state methodologies
 - Clear timelines for submission, review and final analysis of costs.
 - Standardization of service definitions and related staff positions and activities
 - Third party provider audit.
 - Reinforced the value and need for individual provider and county negotiations.
 - Regional/county variations in rates.
 - Provider cost reports.
 - Standardization or clearly-defined guidance of provider cost allocation plans.
 - Consideration of quality, outcomes and performance in the process.
 - Bureau of Financial Operations
 - Administration for Children and Families
- Developed a PA Model
- Formed ad-hoc workgroups

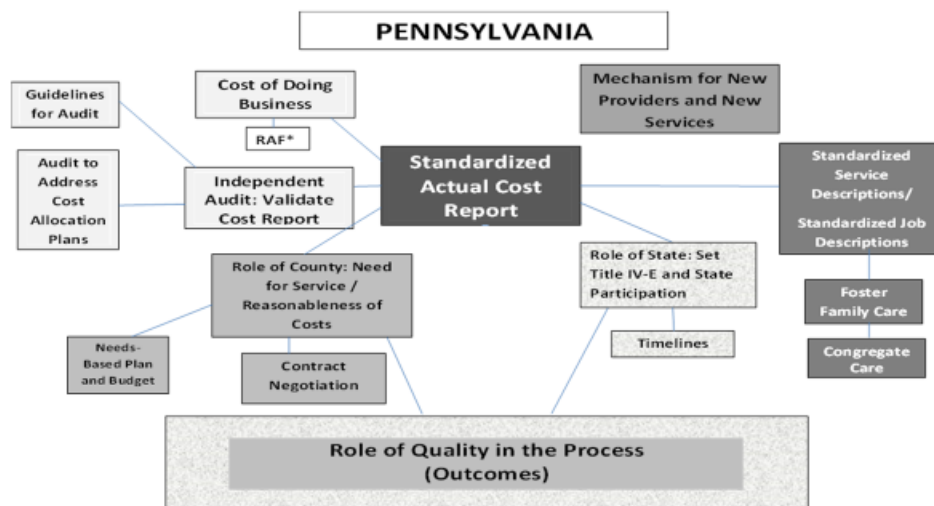
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PA Model


- Standardized Actual Cost Report
- Standardized Service Descriptions/Standardized Job Descriptions.
- Role of the state — set Title IV-E and state participation.
- Role of the county — need for service and the reasonableness of costs.
- Mechanism for new providers, new services and providers licensed under Chapter 6400 Regulations.
- The role of measurable outcomes in the process.

9

PA Model



10



Cost Report/Audit Requirements Ad Hoc Workgroup Recommendations

11



Cost Report/Audit Recommendations

- Focused on Congregate Care Providers and Foster Family Care
- Tasked with identifying:
 - Total Actual Cost of Care
 - Title IV-E Costs
 - Act 148 Costs
- Results:
 - Concept Document/Cost Report
 - Agreed Upon Procedures
 - Rate Adjustment Factor

12

Cost Report/Audit Recommendations

- Agreed Upon Procedures (AUP)
 - Specified parties agree on the procedures and assume responsibility for sufficiency since they understand their own needs.
 - CPA firm is engaged by a client to issue a report of findings based on specific procedures performed on subject matter.
 - Hierarchy:
 - Agreed Upon Procedures
 - A-133 Audit
 - Yellow Book
 - Audit
 - Review
 - Compilation

13

Cost Report/Audit Recommendations

- Agreed Upon Procedures
 - CPA Firm provides validity and accuracy of the private agency's Cost Report *prior* to the transfer of the Cost Report to DHS.
 - Required for the reporting period of the selected State Fiscal Year (SFY).
 - Cost Reports and AUP are due December 31 prior to the commencement of the selected SFY.

Through testing and underlying support of the provider and the CPA firm, the AUP ensures:

- Proper and standardized allocation of costs.
- Proper allowability of costs.

14

Cost Report/Audit Recommendations

Major areas of review for testing methods of allocation and allowable costs for Act 148 and Title IV-E:

- Reconciliation of Cost Report to trial balance.
- Payroll and fringe benefits.
- Cash disbursement for non-payroll expenses.
- Fixed Assets.
- Census Statistics.

Follows federal and state requirements

- Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards.
- PA Code 55, Chapter 3140
- Social Security Act 475(4)(A)
- CFR Title 45, Section 1356.60

15

Cost Report/Audit Recommendations

• Cost Report:

- Identifies actual total costs and allowable Act 148 and Title IV-E costs.
- Mechanism used to apply Agreed Upon Procedures.
- Provider costs are consolidated into one comprehensive report.
- Personnel costs/FTEs will be reported by position totals only.
- Providers also have the ability to note significant changes that occur after the reported year.

16

Cost Report/Audit Recommendations

- Cost Report Exception
 - New providers or new placement services that have no historical costs.
 - Budget information used to calculate total costs, Act 148 and Title IV-E participation rates.
 - No requirement for an AUP.

17

Cost Report/Audit Recommendations

Concept Document/Cost Report

- Function of DHS—provide state-level oversight to ensure:
 - Accuracy
 - Transparency
 - Proper allocations
 - Allowability
- Function of the 67 counties—determine the need for:
 - Service
 - Reasonableness
 - Service enhancement necessity
 - Contract negotiation

18

Cost Report/Audit Recommendations

- **Rate Adjustment Factor**
 - A recommendation was made to use a Rate Adjustment Factor (RAF) since the concept document/Cost Report and AUP use historical costs.
 - The RAF is applied directly to the total actual costs as well as the Act 148/Title IV-E county share reimbursement rate.
 - The RAF will account for a 24-month window between actual reported costs and the year in which the rates are in effect.
- **Components of the Rate Adjustment Factor:**
 - Employment Cost Index (ECI)—measures the cost of labor from the Bureau of Labor Statistics.
 - Consumer Price Index (CPI)—depicts the average change in prices paid on consumer goods/services over a period of time.

19

Standardized Service Descriptions/Standardized Job Descriptions Ad Hoc Workgroup

20

Standardized Service/Job Descriptions


- Focused on developing standardized service and job descriptions for congregate care and foster family care programs.
- Supports:
 - Development of a standardized time study methodology.
 - Comparisons of costs and service outcomes.
 - Common understanding of job functions across service types.

21

Standardized Service/Job Descriptions Recommendations

- Administrative Recommendations include the Department approve:
 - The defined Foster Family Care categories, specific child characteristics, Foster Parent Skills and Activities and Foster Care Worker Activities.
 - The Foster Family Care categories with MA funding.
 - The defined Foster Family Care Case Manager position and related activities specific to room, board and basic supervision.
 - The defined Congregate Care categories.
 - The defined Congregate Care staff positions and activities for Congregate Care Workers Case Managers.
 - The process and funding for implementation of a Random Moment Time Study or other standardized time study process.

22



State Review Process Ad Hoc Workgroup

23



State Review Process

- Focused on development of a transparent state review process that takes into account the submission of costs and other supporting documentation for all applicable placement providers.
 - Highly dependent on the Cost Report/Audit Requirements and county review process.
 - Respects DHS's obligation and responsibility for Title IV-E and Act 148 funds.

24

State Review Process

- Process
 - Begins with a complete submission of costs and related documents.
 - The Department completes the review within 120 days of a complete submission.
 - Final determination of Title IV-E (if applicable) and Act 148 allowability established the reimbursement limit for federal/state participation.
 - Once the state review is completed, the county review process begins and leads to negotiations and execution of a final contract.

25

State Review Process

- Timelines and Deadlines
 - Cost reports and related documents are due December 31 for private providers and new services/programs/providers with July 1 start date.
 - Requests for 1-month extensions considered when received by November 15.
 - Requests for 60-day extensions considered when there is delayed receipt of funding confirmation letters from counties.
 - If granted, effective from the date the confirmation is received.

26

State Review Process

- Timelines and Deadlines
 - December 31 deadline only applicable to Chapter 6400 licensed programs if current client will be remaining in care.
 - Cost Reports and related documents due April 30 for county foster family care and congregate care programs.
 - Allows for priority response to private provider submissions that require a county negotiation process.

27

Review of Existing Private Providers

- Review of complete annual submission which includes:
 - Completed Cost Report
 - AUP Document with requested attachments
 - Agency Independent Audit
 - Program Description(s)
 - License(s)
 - Job description(s)
- Cost Report allows for budgeted costs using the “optional columns.”
 - Require support documentation to accurately determine allowability for Title IV-E/Act 148 funding.

28

Review of Existing Private Providers

- **Enhanced Review:**
 - Completed every 5 years at a minimum.
 - All Routine Review items AND
 - Review of Agency Cost Allocation Plan.
 - Review of allocation methods for payroll.
 - Review of Agency policies pertaining to the administration of time studies.

29

Review of Existing Private Providers

- **Transition Period (two years) Review:**
 - Validates the independent auditor's review and determinations of Title IV-E/Act 148 allowability, establishes confidence in the process and identifies additional training needs.
 - Similar to Enhanced Review.

30

State Review of County and 6400 Programs

- Review of County Programs
 - Completed Cost Report
 - Program Description(s)—congregate care only
 - License(s)
 - Job description(s)—congregate care only
- Review of Chapter 6400 Programs
 - Child-Specific Budget Information
 - Program Description(s)
 - License(s)
 - Job Description(s)

31

State Review New Services

- Review of New Services/Programs/Providers:
 - Completed Cost Report—budget version
 - Supporting Documentation
 - Program Description(s)
 - License(s)
 - Job description(s) / Cost Allocation Plan / Organization Chart

32

State Review Training

•Training

– The Department will:

- Develop training curriculum for providers, independent auditors, county and state staff.
- Issue thorough instructions consistent with legislative mandates.
- Develop annual process for instruction revisions.
- Sponsor and conduct annual trainings for independent auditors, providers and county staff.

33

County Review Process Ad Hoc Workgroup

34

County Review Process

- Focused on reimbursement of placement service providers for actual costs that are allowable, reasonable and aligned with the counties service and level of service need.

35

County Review Process

- Process
 - County reviews Standardized Cost Report.
 - Engagement with provider for questions/answers.
 - County rate proposal to provider.
 - Agreement reached, negotiation.
 - Provider cost resulting from rate agreement included in Implementation and Needs-Based Plan.
 - IF funding is approved by the Department through the Needs-Based Plan and Budget, the county can contract with providers at the rate which will cover the costs as submitted in the Needs-Based Budget.

36



RMTF Recommendations

9/12/2018

37



Recommendations

- Recommendations that have already been adopted:
 - Maximum levels be extended up to 3 years.
 - Annual approval of a waiver of 55 Pa Code § 3170.84(a)(2).
 - State review process adheres to 120 day review periods for complete submissions.
 - Implemented a standardized time study pilot in SFY 2015-16.
 - State-led review process.

38

Recommendations


- Recommendations for discussion
 - Agreed Upon Procedures
 - Cost Report
 - Rate Adjustment Factor
 - Standardized Service/Job Descriptions
 - Timelines and Deadlines *
 - Training *
 - Enhanced Reviews every 5 years
 - County Process

39


Recommendations

- Regulatory
 - A process and timeline for regulatory revisions to incorporate the proposed categories of services.
 - Chapter 3700 (Foster Family Care).
 - Chapter 3800 (Child Residential and Day Treatment Programs).
 - Chapter 3680 (Private Children and Youth Agency).
 - Clear and coordinated regulatory base defining desired alternatives for older youth including Transitional and Supervised Independent Living options.
- Any changes suggested by ACF as a result of their recent review.


40



Questions?




41



Next Steps

9/12/2018



42

Next Steps

- Kick-Off Meeting
 - October 15, 2018 @ CWRC: 10 am – 3 pm
 - Introduction of members.
 - Charter Amendments.
 - Overview of the current Budget Documentation Review Process.
 - Recommended changes to the FY 2019-20 process to address Title IV-E deferral concerns that don't require additional legislation, regulatory change or time to implement.
 - Establishment of ad-hoc groups as needed.

43

RMTS Participants

Private Providers

- Craig Adamson, Community Service Foundation Buxmont (CFS)
- Kim Young, Bair Foundation
- Trish Fawver, Merakey
- Mark Palastro, Holy Family Institute
- Nancy Kukovich, Adelphoi
- Robert Hausmann, Tabor Community Services
- Michelle Gerwick, George Junior Republic

6/18/2019

44

RMTF Participants

County Children & Youth Agencies

- Dan Evancho, Allegheny County
- Elaine Kita, Northampton County
- Michelle Horst/Tabitha Quashigah, Dauphin County
- Chris Simi, Philadelphia DHS
- Diane Cottrell, Erie County
- Anne Bennett, Union County

County Juvenile Probation Offices

- Susan Claytor, York County
- Bill Rufe, Bucks County

6/18/2019

45

RMTF Participants

Office of Children Youth & Families

- Cathy Utz
- Gloria Gilligan
- Roseann Perry
- Melissa Erazo

Additional Members


- Rick Steele, JCJC
- Teri Henning, PCCYFS
- Brian Bornman, PCYA
- Sandy Shedlock, PCG

****Please note this is not a final list of participants**

6/18/2019

46

Appendix D: Task Force Kick-Off Meeting, October 15, 2018



Rate Methodology Task Force Kick-Off

October 15, 2018

1



Agenda

- Welcome and Introductions.
- Charter Amendments.
- 2014 Recommendations.
 - Recommendations implemented since 2014.
 - Recommendations not yet implemented.
 - Recommendations that address concerns raised by the Administration for Children and Families (ACF) regarding allowability.
 - Recommendations that address reimbursement for actual and reasonable costs.

2

Agenda

- Overview of the current Budget Documentation Review Process.
 - Results of regional Training Survey for current review.
 - Update on current discussions with ACF.
- Recommended changes to FY 2019-20 process.
 - Address any items regarding allowable costs and improvements to the timeline that don't require additional legislation, regulatory change or time to implement.

3

Agenda

- Additional topics to be addressed.
- Next Steps/Action Items.
- Key Messages.

4

▶ Act 40 of 2018

- Act 40 of 2018 amended the Human Services Code

18 SECTION 4. SECTION 704.3(A) OF THE ACT IS AMENDED TO READ:
19 SECTION 704.3. PROVIDER SUBMISSIONS.--(A) [FOR FISCAL YEARS
20 2013-2014, 2014-2015, 2015-2016 AND 2016-2017, A] A PROVIDER
21 SHALL SUBMIT DOCUMENTATION OF ITS COSTS OF PROVIDING SERVICES;
22 AND THE DEPARTMENT SHALL USE SUCH DOCUMENTATION, TO THE EXTENT
23 NECESSARY, TO SUPPORT THE DEPARTMENT'S CLAIM FOR FEDERAL FUNDING
24 AND FOR STATE REIMBURSEMENT FOR ALLOWABLE DIRECT AND INDIRECT
25 COSTS INCURRED IN THE PROVISION OF OUT-OF-HOME PLACEMENT
26 SERVICES. THE DEPARTMENT MAY INCLUDE COMPONENTS OF THE
27 RECOMMENDATIONS OF THE RATE METHODOLOGY TASK FORCE ESTABLISHED
28 UNDER THIS SECTION AS PART OF THE PROVIDER DOCUMENTATION TO
29 ENSURE FEDERAL REIMBURSEMENT.
30 * * *

6/20/2019

5

Charter Amendments

6

▶ Charter Amendments

- Let's discuss!
 - Are there changes needed to:
 - Purpose.
 - Problem Statement.
 - Unifying Principles.
 - Rationale.
 - Goals.
 - Points for Discussion.
 - Boundaries.
 - Timeframes.
 - Communication Plan.
 - Taskforce Members.

7

2014 Recommendations

8

Recommendations Implemented Since 2014

Recommendations that have already been adopted:

- Maximum levels be extended up to 3 years.
- Annual approval of a waiver of 55 Pa Code § 3170.84(a)(2).
- State review process adheres to 120 day review periods for complete submissions.
- Implemented a standardized time study pilot in FY 2015-16.*
- State-led review process.

*Addressed concerns raised by the Administration for Children and Families (ACF) regarding standardization of staff activities.

9

Recommendations Not Yet Implemented

Recommendations for discussion for process:

- Actual Cost Report:
 - Identifies actual total costs and allowable Act 148 and Title IV-E costs.
 - Mechanism used to apply Agreed Upon Procedures.
 - Provider costs are consolidated into one comprehensive report.
 - Personnel costs/FTEs will be reported by position totals only.
 - Providers also have the ability to note significant changes that occur after the reported year.

10

▶ Recommendations Not Yet Implemented

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Recommendations Not Yet Implemented

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 - Proper allowability of costs.

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Recommendations Not Yet Implemented

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 - The Foster Family Care categories with MA funding.
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 - The defined Congregate Care categories.
 - The defined Congregate Care staff positions and activities for Congregate Care Workers Case Managers.
 - The process and funding for implementation of a Random Moment Time Study or other standardized time study process.

14

Recommendations Not Yet Implemented

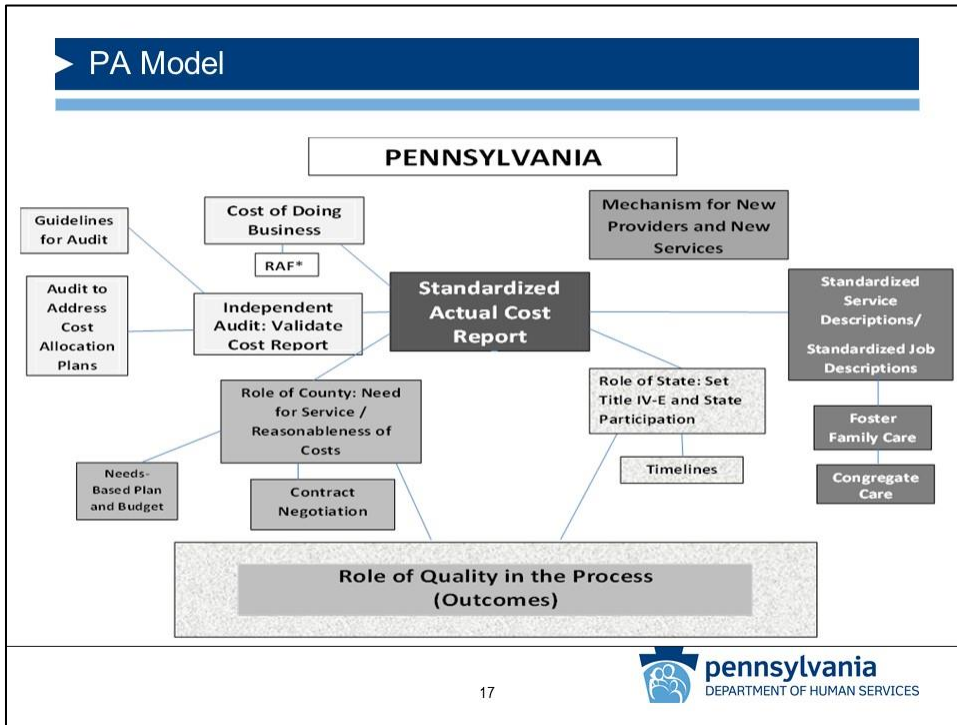
- Timelines and Deadlines:
 - Cost reports and related documents are due December 31 for private providers and new services/programs/providers with July 1 start date.
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 - Requests for 60-day extensions considered when there is delayed receipt of funding confirmation letters from counties.
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Recommendations Not Yet Implemented


- Timelines and Deadlines:
 - December 31 deadline only applicable to Chapter 6400 licensed programs if current client will be remaining in care.
 - Cost Reports and related documents due April 30 for county foster family care and congregate care programs.
 - Allows for priority response to private provider submissions that require a county negotiation process.

16



Overview of Current Budget Documentation Review Process

18



Overview of Current Review Process

- Currently, providers submit Out-of-Home (OOH) Placement Budget Documentation to along with support documentation to OCYF resource account.
 - An official review of the budget documentation will not occur until all necessary support documentation is received. Further, the timeline for completing reviews within 120 days does not begin until the date a complete submission is recorded.
- Reviews processes on a first in, first out basis determined by the date the provider's submission is accepted as complete.

19

Overview of Current Review Process

- Within **FIVE** business days of a provider's initial submission being assigned to an OCYF reviewer, the reviewer will complete a preliminary review of the assigned budget documentation to ensure all necessary support documentation is on file.
 - The reviewer will request any missing support documentation.
 - Once all of the necessary support documentation is received, the reviewer will confirm receipt of the documentation with the provider and provide a timeframe of when the initial budget documentation review will be completed.
 - OCYF reviewers will contact the provider upon commencement of their agencies budget documentation review.

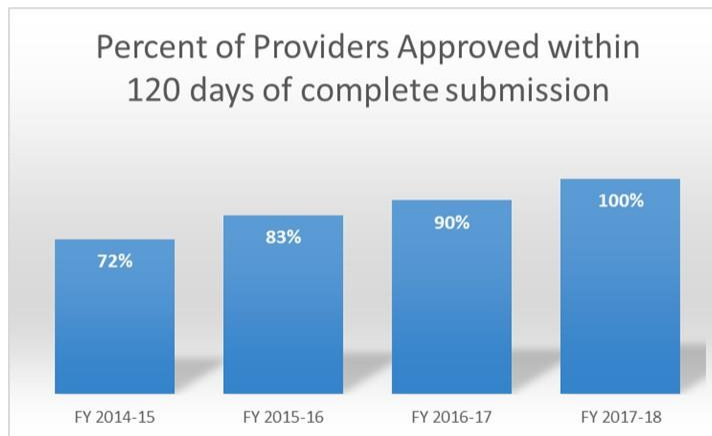
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Overview of Current Review Process cont'd

- Once the review has started, the OCYF reviewer will have 10 business days to complete the initial QA review of your budget documentation.
 - Providers are requested to respond to OCYF QA within 10 business days of QA being sent.
- The OCYF reviewer will work closely with the provider to support unit costs.
- Once OCYF has completed the review process, the reviewer will finalize the providers budget documentation.
- The OCYF reviewer will post all finalized budget documents to DocuShare.
 - Upon OCYF finalization, counties are able to move forward with final contracted rates.

21

Overview of Current Review Process cont'd



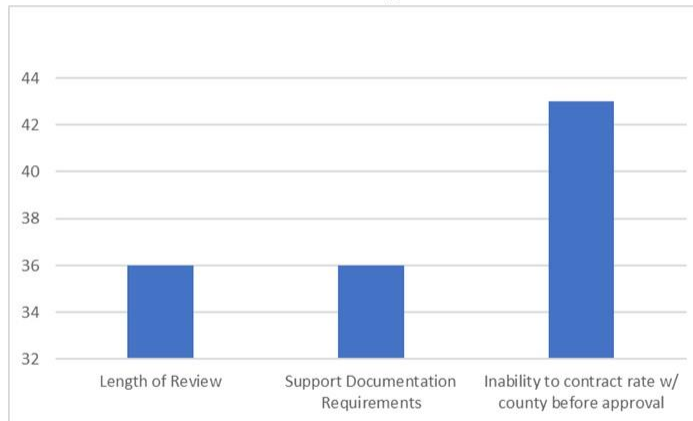
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Regional Trainings Survey Results

23

Current Review Survey Results

In the last 5 years, what are your major concerns with the current review process for Out-of-Home Placement Budget Documentation?



24

Current Review Survey Results

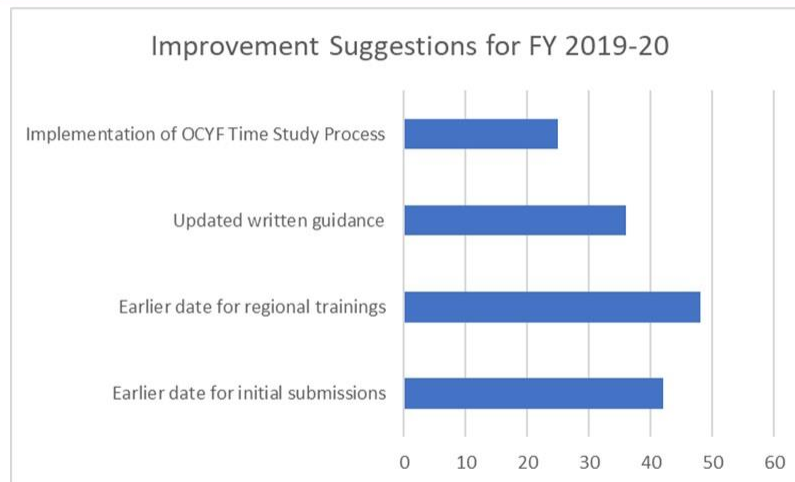
Additional comments/concerns noted:

- Concern with inability to know when/if packets are due which have not been occurring until after July 1st.
- Review staff turnover during the Review process creates additional delays when new reviewer is assigned.
- Inconsistencies in what is accepted by reviewers.
- Concern with meeting submission deadlines when notices are received late.
- Delays by providers in not submitting timely.
- budget modifications are not being communicated to counties.
- The process is much better w/ the elimination of the county review.
- Length of review has greatly improved over the past few years.
- Lack of provider's knowledge of review process due to staff turnover.
- Inability to contract and be paid by counties w/o budget packet review and packets being posted.

25

FY 2019-20 Survey Results

Improvement Suggestions for FY 2019-20



26

FY 2019-20 Survey Results cont'd

Additional comments/concerns noted:

- Get the FY 2019-20 packets and training in early calendar year 2019 so contract negotiations can be done prior to the start of FY 2019-20.
- Simplify the process.
- Finalize time study process so that everyone must use. Then start process so that we are completing the process before fiscal year is started.
- Schedule a call with the reviewer and agency contacts as soon as submission is assigned to reviewer to discuss process.
- Lock the green highlighted cells in the workbook along with other cells that should not be edited.

27

Update on Current ACF Discussions

OCYF submitted budget documentation for four providers in June to ACF for review. We requested written feedback about the current documentation process, including time study documentation submitted from providers participating in OCYF's pilot time study process.

The providers included:

- Adelphoi
- Bethany Home
- Center County Youth Services Bureau
- Appalachian Youth Services

28

Update on Current ACF Discussions

- Preliminary discussions held with ACF on August 15th to discuss OCYF's budget review process and their preliminary review.
- On September 24th, 2018 ACF provided some written comments to OCYF with additional discussions to be held October 18, 2018.

29

Recommended Changes to the FY 2019-20 Process

30

FY 2019-20 Changes

- Update Bulletin 3170-13-01.
 - Move current special transmittal instructions FFH, GHI and IAE as attachments to Bulletin instead of separate documents.
- Update FFH, GHI and IAE workbooks based on updates made to Bulletin.
- Move Regional Training to January/February 2019.
- Move FY 2019-20 budget submission deadline to early March 2019.
 - This would allow for approvals as early as June 2019.
- Commencement of statewide standardized time study process.
 - For proposed use in FY 2020-21.
- Incorporate guidance from ACF.
- Are there other changes that could be implemented for FY 2019-20 that would not require additional legislation, regulatory change or time to implement?

31

Additional Topics

32



Next Steps/Action Items

33



Next Meeting

- November 28, 2018 @ CWRC: 10am – 3pm

34



Key Messages

Appendix E: Task Force Meeting, November 28, 2018



Rate Methodology Task Force

November 28, 2018

1



Agenda

- Welcome and Introductions
- October 15, 2018 Meeting Recap
- Update on ACF Discussions
- FY 2019-20 Changes
- 2018 RMTF Charter
- 2014 Recommendations
- Establishment of ad-hoc groups
- Additional topics to be addressed
- Next Steps/Action Items
- Key Messages

2



October 15, 2018 Recap

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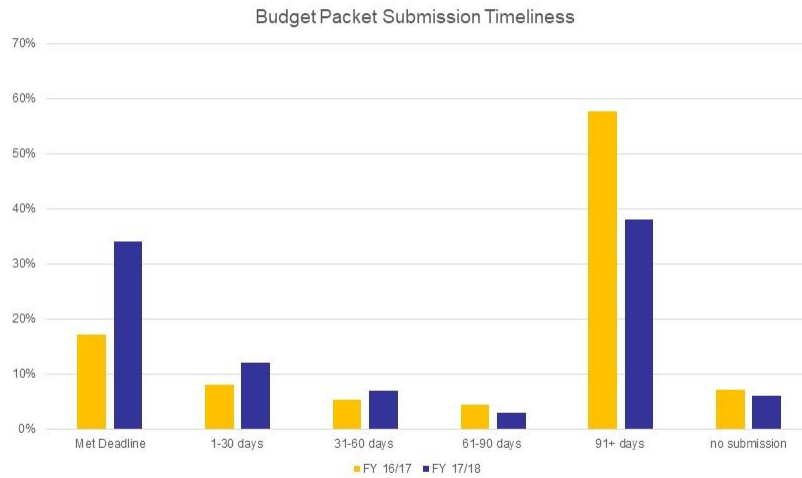


October 15, 2018 Meeting Recap

- Motion to approve October 15, 2018 meeting minutes
- Update on Action Items
- Review of Data Requested

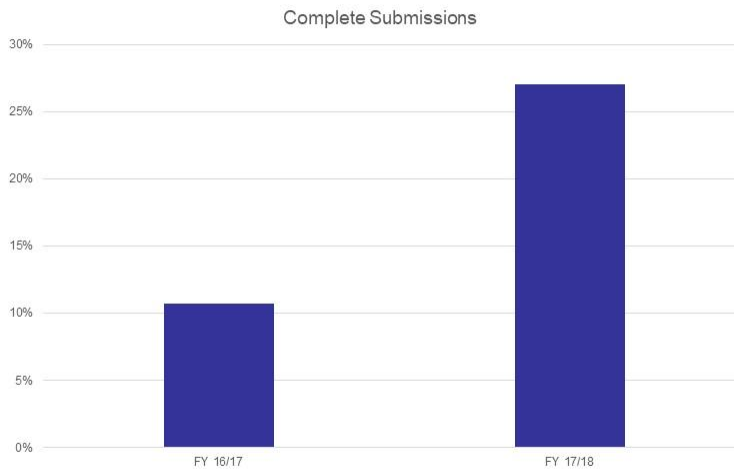
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Budget Documentation Data



5

Budget Documentation Data



6

Update on ACF Discussions

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Update on ACF Discussions

- In-person meeting held October 18, 2018.
- OCYF's interpretation of outstanding ACF concerns:
 - Written guidance should be provided regarding OCYF's expectations for completion and documentation of time studies as a means to determine the allowable activities performed by direct care staff;
 - Time study documentation should clearly separate transportation activities eligible for federal reimbursement at 50% FFP from those eligible at the FMAP rate; and
 - The current process does not separate costs allowable for the proper and efficient administration of the Title IV-E state plan (claimed at 50% FFP) or determined to be the cost of providing the items listed in Section 475(4) of the Social Security Act (the Act) which may be claimed at the FMAP rate in congregate care settings.

8

Update on ACF Discussions

- OCYF will send a formal request for confirmation of these remaining items by the end of the year.
- OCYF addressed the remaining concerns in the changes to the budget documentation and policy guidance for FY 2019-20.

9

FY 2019-20 Changes

10

Submission Deadline Notification

- FY 2019-20 Provider Submission Deadline Notification.
 - Task Force members provided feedback to the draft released on November 7, 2018 for review.
 - Notification was released November 27, 2018.

11

Summary of Changes

- Bulletin drafted for review by Task Force members.
 - Administrative changes implemented from the RMTF 2014 recommendations were incorporated.
 - Former Special Transmittal Instructions and Appendices were merged into the DRAFT bulletin as attachments.
 - Guidance includes information regarding OCYF's standardized time study process and expectations for providers not participating in the standardized time study.
- Excel Template changes:
 - Minor changes made to the Foster Family Home and Indirect Administrative Expenditures packet to:
 - Reflect fiscal year date update; and
 - Changes will be made to lock down green-shaded cells to prevent accidental deletion or modification of formulas.

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Summary of Changes

- Group Home/Institutional Facility Expenditures shows most changes due to ACF guidance:
 - Same changes as noted above for FFH and IAE packets
 - Staff Roster and Staff Projection tabs have been updated to include “Case Management” section
 - Institutional Facility Expenditures:
 - Case Management section added under Personnel Expenses
 - Rent split between “Facility/Operational Expenses” and “Direct Care Expenses” to reflect separation of Administrative and Maintenance IV-E costs.
 - Indirect Admin Expense line moved from Tab IV. to Tab III
 - Total expenses split between administrative and maintenance IV-E costs (formulas built into green shaded cells to proportionately split the costs)
 - Per Diem Calculation:
 - Splits made to generate calculated administrative and calculated maintenance per diem

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2018 RMTF Charter

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2014 Recommendations

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Recommendations Implemented Since 2014

Recommendations that have already been adopted:

- Maximum levels be extended up to 3 years;
- Annual approval of a waiver of 55 Pa. Code § 3170.84(a)(2);
- State review process adheres to 120 day review periods for complete submissions;
- Implemented a standardized time study pilot in FY 2015-16*; and
- State-led review process.

** Addressed concerns raised by ACF regarding standardization of staff activities.*

16

Recommendations Not Yet Implemented

Recommendations for discussion:

- Actual Cost Report:
 - Identifies actual total costs and allowable Act 148 and Title IV-E costs.
 - Mechanism used to apply Agreed Upon Procedures.
 - Provider costs are consolidated into one comprehensive report.
 - Personnel costs/FTEs will be reported by position totals only.
 - Providers also have the ability to note significant changes that occur after the reported year.

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 - A recommendation was made to use a Rate Adjustment Factor (RAF) since the concept document/Cost Report and AUP use historical costs.
 - The RAF is applied directly to the total actual costs as well as the Act 148/Title IV-E county share reimbursement rate.
 - The RAF will account for a 24-month window between actual reported costs and the year in which the rates are in effect.
- Components of the Rate Adjustment Factor:
 - Employment Cost Index (ECI)—measures the cost of labor from the Bureau of Labor Statistics.
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18

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- Agreed Upon Procedures:
 - Specified parties agree on the procedures and assume responsibility for sufficiency since they understand their own needs.
 - CPA Firm provides validity and accuracy of the private agency's Cost Report prior to the transfer of the Cost Report to DHS.
 - Required for the reporting period of the selected State Fiscal Year (SFY).
 - Cost Reports and AUP are due December 31 prior to the commencement of the selected SFY.

19

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 - Thorough testing and underlying support of the provider and the CPA firm, the AUP ensures:
 - Proper and standardized allocation of costs; and
 - Proper allowability of costs.

20

▶ Recommendations Not Yet Implemented

- Standardized Service/Jobs Descriptions:
 - The defined Foster Family Care categories, specific child characteristics, Foster Parent Skills and Activities and Foster Care Worker Activities.
 - The Foster Family Care categories with MA funding.
 - The defined Foster Family Care Case Manager position and related activities specific to room, board and basic supervision.
 - The defined Congregate Care categories.
 - The defined Congregate Care staff positions and activities for Congregate Care Workers Case Managers.
 - The process and funding for implementation of a Random Moment Time Study or other standardized time study process.

21

▶ Recommendations Not Yet Implemented

- Timelines and Deadlines:
 - Cost reports and related documents are due December 31 for private providers and new services/programs/providers with July 1 start date.
 - Requests for 1-month extensions considered when received by November 15.
 - Requests for 60-day extensions considered when there is delayed receipt of funding confirmation letters from counties.
 - If granted, effective from the date the confirmation is received.

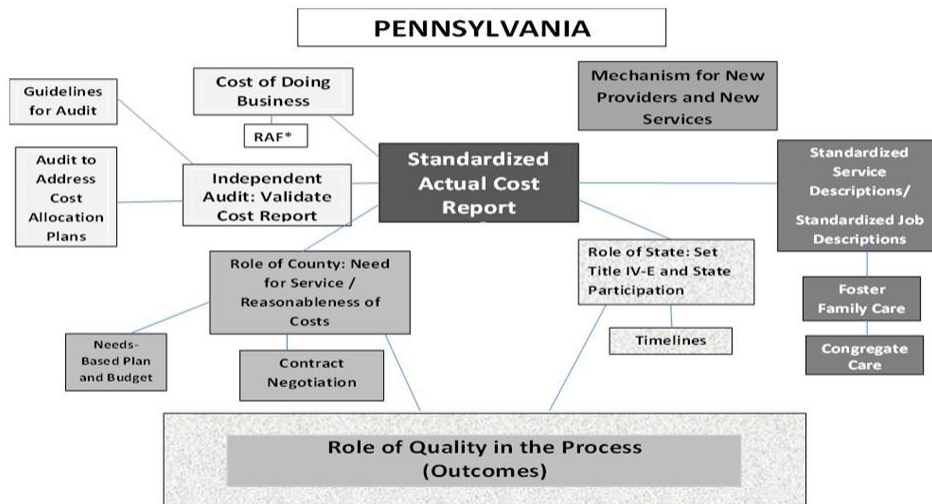
22

Recommendations Not Yet Implemented

- Timelines and Deadlines:
 - December 31 deadline only applicable to Chapter 6400 licensed programs if current client will be remaining in care.
 - Cost Reports and related documents due April 30 for county foster family care and congregate care programs.
 - Allows for priority response to private provider submissions that require a county negotiation process.

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PA Model



24



Establishment of ad hoc groups

25



Additional Topics

26



Next Steps/Action Items

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Next Steps/Action Items

Next Meeting

- December 14, 2018 @ CWRC: 10am – 3pm

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Key Messages

Appendix F: Task Force Meeting, December 14, 2018



Rate Methodology Task Force

December 14, 2018

6/20/2019

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Agenda

- Welcome and Introductions
- October 15, 2018 Meeting Recap
 - Update on Retained Revenues for Non-profit Organizations
- November 28, 2018 Meeting Recap
 - Action Items Updates
- 2018 RMTF Charter
- Child Welfare Finance Reform Recommendations
- 2014 Recommendations Discussion
- Establishment of ad-hoc groups
- Additional topics to be addressed
- Next Steps/Action Items
- Key Messages

6/20/2019

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October 15, 2018 Recap

6/20/2019

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October 15, 2018 Meeting Recap

Retained Revenue for Non-profit Organizations

On November 2, 2018, OCYF held discussions with the Bureau of Financial Operations regarding whether retained revenue for non-profit organizations could be considered an allowable cost for federal or state participation.

In accordance with 2 CFR 200.343(d), retained revenue is not considered an allowable cost for non-profit organizations:

“§ 200.343 Closeout.

(d) The non-Federal entity must promptly refund any balances of unobligated cash that the Federal awarding agency or pass-through entity paid in advance or paid and that is not authorized to be retained by the non-Federal entity for use in other projects. See OMB Circular A-129 and see § 200.345 Collection of amounts due for requirements regarding unreturned amounts that become delinquent debts.”

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November 28, 2018 Recap

6/20/2019

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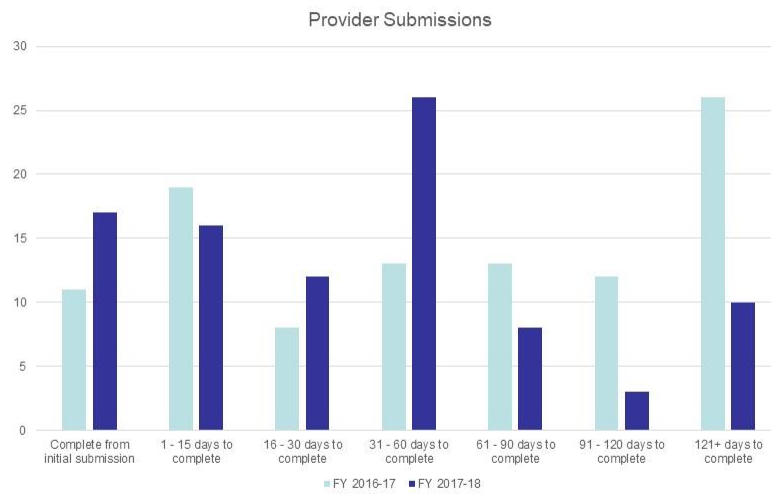
▶ November 28, 2018 Meeting Recap

- Update on Action Items:
 - Update from Brian and/or Rick regarding county CYA and JPO collaboration during contracting process.
 - Update on PCCYFS CFO workgroup meeting re: rental split on residential budget packets.
 - Review of Data Requested.

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Initial to Complete Submission Data



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Max Per Diems Approved vs. Contracted Rates

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2018 RMTF Charter

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Child Welfare Finance Reform Recommendations

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▶ Workgroup Members

- Casey Family Programs
- Pennsylvania Partnerships for Children
- County Commissioners Association of Pennsylvania
- Pennsylvania Children and Youth Administrators
- Pennsylvania Council of Children, Youth and Family Services
- Administrative Office of Pennsylvania Courts
- Juvenile Court Judges' Commission
- Public Financial Management
- County Commissioners
- County Children and Youth Agency Administrators
- County Children and Youth Agency Fiscal Officers
- Juvenile Probation Office Chiefs
- Private Providers
- University of Pittsburgh

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▶ Background

- Child welfare funding is a combination of federal, state Act 148 and local dollars.
 - state government provides 60%
 - county government provides 21%
 - federal government provides 18%; majority (13%) is Title IV-E funding
 - 1% are client-generated revenues and donations

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▶ Additional Considerations

- State Act 148 funding supports the purchase of services to delinquent children, but not costs for other activities delivered by JPO staff.
- PA's Medicaid system is increasingly the source of behavioral and drug and alcohol support for dependent and delinquent children and their families.
 - Many CCYAs report that services needed by families to address children and families intellectual disabilities, mental health concerns and drug and alcohol addictions are insufficient to address county needs.
 - These services are generally not supported with state Act 148 funds.

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▶ Additional Considerations

- Lack of funding and delays with housing supports and childcare subsidies.
- PA is one of 28 jurisdictions participating in a federal Title IV-E Waiver which provides states with an opportunity to use federal Title IV-E funds more flexibly.
 - Six counties participated through FY 2017-18. Five are still participating.
 - Any federal savings seen by those counties is available for reinvestment into the child welfare program.
 - The current federal waiver is approved through December 31, 2018. Under federal law, the waiver could potentially be extended to September 30, 2019, but all existing waivers will be terminated as of that date.

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▶ Additional Considerations

- PA is currently operating under a partial Title IV-E deferral following an audit by the Office of the Inspector General in 2008 which found DHS had insufficient documentation to support their Title IV-E claims.
 - Under the deferral, a maximum per diem of \$200 is claimed for those out-of-home placement providers whose rates have been established at above \$200 a day; a maximum per diem of \$125 is claimed for those providers whose rates have been established at under \$200 a day.
 - The deferral will remain in place until DHS implements a process that assures the Administration of Children and Families (ACF) that Title IV-E reimbursement is only requested for allowable Title IV-E costs.

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▶ Additional Considerations

- DHS attempted to address this issue in 2008 by requiring out-of-home placement providers to submit financial documentation for their review and determinations of federal and state Act 148 participation of costs.
 - The process was not properly promulgated in regulations and it was halted following a lawsuit.
- In 2013, DHS:
 - began receiving statutory authority annually to review out-of-home placement provider's projected costs to determine allowability for federal and state Act 148 participation.
 - convened a Task Force to develop recommendations for a methodology to determine reimbursement for actual and projected costs of child welfare and juvenile justice services which are reasonable and allowable.

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▶ Additional Considerations

- The Rate Methodology Task Force was convened, and recommendations related to out-of-home placement services were developed and submitted to the General Assembly in May 2014; recommendations for other purchased services were submitted in December 2014.
 - Recommendations have not yet been successfully introduced into statute.
- Without a non-limited statutorily binding methodology to determine allowable costs for federal and state Act 148 participation, ACF has been resistant to review the current process under which Title IV-E allowable costs are determined.
 - The partial deferral remains in place.

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▶ Problem Statement

State Act 148 funding is not aligned in a manner that promotes effective child welfare and juvenile justice practices or aligned with best practices to support achievement of outcome measures for children and families. State Act 148 funding to counties is determined through a statutorily required NBPB process that may not support collaboration and inclusiveness of private providers, other health and human service systems, courts and county governments.

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▶ Theory of Change

- If state Act 148 funding is aligned with effective child welfare and juvenile justice practices, less children will be placed in out-of-home care; those placed outside the home will reside with kin, and lasting permanency will occur more quickly for children placed outside the home.
 - Can be measured through AFCARS data: specifically, the number of children entering care; the number of children in care as of the last day of the reporting period; the number of children exiting to permanency; and the number of children re-entering care in less than 12 months.

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▶ Development of Recommendations

- The workgroup was limited to developing recommendations specific to child welfare finance reform as it pertains to state Act 148 funding.
- The workgroup was not limited by state statute, regulations, or budgetary constraints in the development of recommendations.
 - We did consider the difficulties of amending state statute and regulations and the current budgetary concerns.
- The workgroup recommendations were developed by consensus via majority through extensive discussion in the workgroup meetings.

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▶ Research Conducted

- Detailed review of the current NBPB process and potential areas of improvement within statute;
- Review and analysis of the status of PA's Title IV-E demonstration waiver;
- Review of 2013 proposal to pilot a Block Grant approach to child welfare funding;
- Development of a contingency fund after review and analysis of underspending trends;
- Review of the use of performance incentive funding in other county operated states, including Minnesota, Colorado and Nevada;

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▶ Research Conducted

- Impact maximizing federal funding sources could have to support direction of state Act 148 funds to prevention and reunification efforts; and
- The use of incentives and disincentives within NBPB to promote best practice.

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▶ Recommendation #1

- The workgroup recommends the allocation of state Act 148 funds continue to be based primarily on the NBPB process.
 - Process should be streamlined to be more responsive to the needs of counties and better enable coordination of state and county processes.
 - Many positive aspects of the NBPB process were recognized over the course of the work.
- Significant uncertainty in the federal policy and funding environment and the importance of protecting key strengths of PA's child welfare system were recognized.

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▶ Recommendation #1

- Specific recommendations for streamlining the process were developed through an ad-hoc group:
 - Earlier release of the draft and final NBPB Guidelines, including all supporting documents and workbooks;
 - Enhancing the annual training, making it more widely available and developing additional training opportunities to include a standard overview training available through the University of Pittsburgh's Child Welfare Resource Center;
 - Detailing changes made from the prior year within the introduction of the NBPB bulletin, providing examples and "how-to" information, eliminating unnecessary reporting of data and children served projections, and providing more county flexibility in response areas, including the selection of data presented;

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▶ Recommendation #1

- Streamlining and creating consistency in the request process for the Independent Living Grant, Information Technology Grant and Special Grant Initiatives, including reducing Implementation Year detail unless requesting a Budget Revision and reducing data entry to one document;
- Including prompts for required information within the adjustment database;
- Exploring other platforms outside ACCESS for the purpose of creating expenditure adjustments; this platform should support the use of graphs and charts to further justify requests;
- Amending the Excel template to reduce duplicative information requested through other reports and collecting information regarding grant-funded positions and expenses to more accurately reflect the child welfare costs of the county; and
- Be transparent throughout the review process while maintaining the integrity of the development of the Governor's proposed budget.

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▶ Recommendation #1

- Pros: State Act 148 funding can be used to support effective child welfare and juvenile justice services and best practices when requests are made and justified under the current NBPB process. No statutory or regulatory changes are needed to streamline the process.
- Cons: Currently, state Act 148 funding is utilized for services, regardless of their effectiveness and, at times, when positive outcomes are not evidenced. The NBPB process does not require effective or best practices; each NBPB request is a result of the requesting county's culture.
 - Streamlining may improve the submission and review process, but it may not change county culture.

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▶ Recommendation #1

- **Data or Evidence to Support:** Under the current process, counties whose culture supports the use of effective and best practices have seen a decrease in the number of children in out-of-home care, an increase in the use of kinship care when children are placed outside the home, and an increase in lasting permanency. These counties reinvest their unspent placement dollars into their child welfare program, which includes prevention and reunification services to further promote the outcomes they wish to achieve.

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▶ Recommendation #1

- **Implementation Considerations:** Additional resources required include OCYF staff time to revise the NBPB Guidelines and supporting documents and workbooks. Counties with less robust outcome monitoring efforts may need to develop a process and standards to provide additional justification for service requests.
- Lastly, this recommendation does not preclude broader reforms in the future, but broader reform should be based on continued development of baseline performance information and be guided by research on evidence-based programs, much of which is currently underway.

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▶ Recommendation #2

- A County Child Welfare and Juvenile Justice Block Grant option should be created for counties who apply and are approved for this option, assuming it could be pursued without legislative change.
 - Would cap state Act 148 funding and some federal resources based on actual spending over the past three to five years for a period of three years.
 - All state Act 148 savings evidenced through achievement of defined outcome measures would be reinvested into services selected by the county that prevent or address issues of child abuse and neglect and juvenile delinquency.
 - County must provide a consistent level of local funding throughout the term of the grant.

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▶ Recommendation #2

- Pilot counties would apply for inclusion and be selected based on past performance, past and future innovation, impact and replicability.
- Pilot counties could opt out of the block grant or request a supplemental appropriation to their grant award.
- This recommendation is contingent on legal review and a finding that several pilots could be pursued without the need for legislative change.
- If approval was limited to a couple of waiver counties and a couple of non-waiver counties, it would be possible to provide a “proof of concept” that could provide a foundation for broader implementation in the future.

6/20/2019

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▶ Recommendation #2

- Pros: Assuming it can be completed within the limitations of the current statute, a pilot block grant approach will provide counties greater local flexibility and potential for improved outcomes without increased state Act 148 funding.
- Piloting the approach will allow DHS to manage risk associated with the new endeavor, monitor consequences, assess the true performance of the design, and identify additional improvements and implementation strategies for expansion.

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▶ Recommendation #2

- Cons: As evidenced with the Title IV-E waiver, few counties may opt to participate and those that do will likely have already achieved some measure of success as it relates to the selected outcomes.
- Without statute the proposed supplemental appropriation will be contingent on underspending of other non-participating counties.
- Reinvestment opportunities would be limited to the current FY without statutory change.
- DHS would need to run a dual system for the period of the pilot program.

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▶ Recommendation #2

- **Data or Evidence to Support:** Block grant funding has been successfully introduced in statute. Act 80 of 2012 established the Human Services Block Grant Pilot Program for the purposes of allocating funds to selected county governments to provide locally identified county-based human services to meet the county identified needs of county residents. The Act originally allowed for 20 counties to participate. The program was expanded to 10 additional counties in 2013 and all remaining counties in 2017.

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▶ Recommendation #2

- **Implementation Considerations:** Additional resources required include OCYF staff time to develop any reporting tools or forms and to oversee two separate funding processes.
- Counties may need to make changes to their county systems for reporting purposes.

County interest should be determined only if the recommendation can be pursued within the limitations of the current legislation.

6/20/2019

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▶ Recommendation #3

- A Child Welfare Contingency Fund should be created to permit DHS to reimburse counties for expenses exceeding their total allocation in the child welfare budget due to circumstances deemed reasonable by DHS.
 - While the current procedure for dealing with “overmatch” was seen as working well for some counties, the workgroup found that there would be advantages to a formalized process.

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▶ Recommendation #3

- Pros: Development of a contingency fund provides some assurances of state Act 148 reimbursement to counties who find themselves in “overmatch” situations.
- Would reduce or eliminate the county risk in “overmatch” situations.
- Would expedite the “overmatch” process; significantly reducing the length of time county governments would need to support costs without state Act 148 reimbursement.

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▶ Recommendation #3

- **Cons:** By promulgating the current “overmatch” process, risk to the availability of funds is assumed.
- In the current process, “overmatch” funds are not identified separately from the needs-based budget funds; needs-based funds are less likely to be reduced in times of budgetary constraints.
- Counties are afforded two protections under current statute: the current “overmatch” process and the right to appeal their NBPB revenue allocations which, if won, may afford the county supplemental funding to meet their need.
- Without assuming some risk, counties may not monitor their spending to stay within their budget.

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▶ Recommendation #3

- **Data or Evidence to Support:** The current “overmatch” process has been in place for over a decade and no county in need of additional Act 148 funds has ever been denied an “overmatch” payment. However, this process presents a hardship to smaller counties whose general fund cannot support overages in the child welfare budget for sustained periods of time.
- **Implementation Considerations:** DHS will assume additional administrative work associated with this process as annual waivers to carry forward funds from prior years would be needed.

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▶ Recommendation #4

- Recommendations of the Rate Methodology Task Force were endorsed by the workgroup.
- Without a statutorily binding process to guide determinations of state Act 148 and federal participation of service costs, ACF will not consider lifting the partial deferral of Title IV-E foster care funds.

6/20/2019

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▶ Recommendation #4

- Pros: Assuming ACF lifts the partial deferral of Title IV-E foster care funds after reviewing the rate methodology process recommended by the Rate Methodology Task Force, DHS will maximize federal revenue resulting in less state and local share of out-of-home placement costs. These recommendations will enable DHS, counties, and private providers to obtain an independent verification of costs data via auditors for Title IV-E, Act 148, and county reimbursement as well as standardization of the time study process statewide for private providers.

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▶ Recommendation #4

- Cons: These recommendations have not yet been successfully adopted into statute.

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▶ Recommendation #4

- Implementation Considerations: Adoption of the recommendations will result in additional DHS staff time, specifically the Bureau of Financial Operations for training purposes.
- The auditing requirements and standardization of the time study for private providers will increase operational costs for DHS and private providers.
 - These costs may be passed along from private providers for reimbursement with Title IV-E, state Act 148, and local funds.
- The proposed Rate Adjustment Factor may increase costs eligible for state Act 148 and local funding.

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▶ Additional Options Not Recommended

- Options considered but not recommended included:
 - Consideration of basing a portion of county funding on performance; and
 - Incentivizing services through amendment of the state reimbursement rates defined in statute.
- Other state-supervised county-administered states, including Colorado, Minnesota, and Nevada, who have implemented any type of performance-based finance incentives reported mixed experiences with this approach to funding.
 - Insufficient indication that such efforts had a significant impact on program performance.
 - All interviewed states reported challenges or concerns with some counties not receiving adequate funding.

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▶ Additional Options Not Recommended

- There was strong support for identifying key performance elements, rigorous focus on performance data and using a continuous quality improvement approach to guide programmatic improvement, but it was not found that this could be specifically tied to funding without potentially encountering unintended consequences.
- To move forward with development of a recommendation specific to performance-based finance incentives, the workgroup found that the development of consistent performance indicators in PA, with consistent performance history upon which to base allocation decisions, was an area that needed further development.

6/20/2019

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▶ Additional Options Not Recommended

- The workgroup also reviewed various options to incentivize practice by amending state reimbursement rates for various services.
 - Quickly discarded upon consideration of the political climate and current budget crisis in PA.
 - Members were reluctant to pursue recommendations that required legislative changes.
 - Members had difficulty supporting how this would promote best practices.
 - Consensus could not be reached regarding whether disincentives should also be applicable.

6/20/2019

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2014 Recommendations

6/20/2019

46

▶ Recommendations Not Yet Implemented

- Recommendations for discussion:
- Actual Cost Report:
 - Identifies actual total costs and allowable Act 148 and Title IV-E costs.
 - Mechanism used to apply Agreed Upon Procedures.
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6/20/2019

47

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6/20/2019

48

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 - Required for the reporting period of the selected State Fiscal Year (SFY).
 - Cost Reports and AUP are due December 31 prior to the commencement of the selected SFY.

6/20/2019

49

▶ Recommendations Not Yet Implemented

- Agreed Upon Procedures:
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 - Proper and standardized allocation of costs; and
 - Proper allowability of costs.

6/20/2019

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 - The process and funding for implementation of a Random Moment Time Study or other standardized time study process.

6/20/2019

51

▶ Recommendations Not Yet Implemented

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 - Cost reports and related documents are due December 31 for private providers and new services/programs/providers with July 1 start date.
 - Requests for 1-month extensions considered when received by November 15.
 - Requests for 60-day extensions considered when there is delayed receipt of funding confirmation letters from counties.
 - If granted, effective from the date the confirmation is received.

6/20/2019

52

▶ Recommendations Not Yet Implemented

- Timelines and Deadlines:
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 - Cost Reports and related documents due April 30 for county foster family care and congregate care programs.
 - Allows for priority response to private provider submissions that require a county negotiation process.

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Establishment of ad hoc groups

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Additional Topics

6/20/2019

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Next Steps/Action Items

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Next Steps/Action Items

Next Meeting

- January 29th, 2019 @ CWRC: 10am – 3pm

6/20/2019

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Key Messages

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Appendix G: Task Force Meeting, January 29, 2019



Rate Methodology Task Force

January 29, 2019

6/20/2019

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Agenda

- Welcome and Introductions
- December 14, 2018 Meeting Recap
 - Action Items Updates
- Bulletin Update
- Budget Packet Updates
- Establishment of ad-hoc groups
- Ad-hoc group Breakout Sessions
- Additional topics to be addressed
- Next Steps/Action Items/Meeting Recap
- Key Messages

6/20/2019

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December 14, 2018 Recap

6/20/2019

3

December 14, 2018 Meeting Recap

- Update on Action Items:
 - Does anyone have information to share regarding other programs that consider retained revenue allowable for federal and/or state participation?
 - Data available to compare maximum allowable per diems against contracted rates.
 - Plan to add an additional field to the OCYF tracking log to capture the length of time a residential budget packet remains in the que at OCYF.

6/20/2019

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Max Per Diems Approved vs. Contracted Rates

6/20/2019

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Bulletin Update

6/20/2019

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Out-of-Home Placement Budget Packets

6/20/2019

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Budget Packet Trainings

- Regional Trainings for FY 2019-20 are scheduled for the following dates:
 - Central Region: Monday February 4, 2019
 - Western Region: Wednesday February 6, 2019
 - Eastern Region: Friday February 15, 2019

6/20/2019

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Budget Packet Revisions

- Rental expense between maintenance and administration will *not* be a separate line item for FY 2019-20.
- Additional conversations need to occur with congregate care providers prior to implementation.
- Workbooks are completed pending final approval of the Bulletin.

6/20/2019

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Establishment of ad hoc groups

6/20/2019

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▶ Establishment of Ad-hoc Groups

- Discussions held during December 14, 2018 Task Force meeting resulted in the need for the development of the following four ad-hoc groups:
 - Provider Inclusion in the Needs-Based Plan and Budget Process
 - Data – Collection and Analysis
 - Standardized Time Study
 - Budget Packet – Content and Timeframes

6/20/2019

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▶ Ad-hoc Groups

- Next Steps:
Important areas to consider in developing the scope of group:
 - What do you want to accomplish?
 - What data is needed to develop the decisions?
 - What does the workplan look like?
 - Who is missing from the group to accomplish the goal?

6/20/2019

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▶ Breakout Sessions

- Other considerations for ad-hoc group discussion:
 - Identify a Chair and Co-Chair.
 - Report outs required.
 - Develop timeframes.
 - How often does the group need to meet?
 - How does the group's work relate to the Task Force Charter?
 - What information do you need to move ahead?


6/20/2019

13

Additional Topics



6/20/2019

14



Next Steps/Action Items

6/20/2019 15




Next Steps/Action Items

Next Meeting

- March 15, 2019 @ CWRC: 10am – 3pm


6/20/2019 16







Key Messages

Appendix H: Task Force Meeting, March 15, 2019




Rate Methodology Task Force
March 15, 2019

6/20/2019 1 



Agenda

- Welcome and Introductions
- January 29, 2019 Meeting Recap
 - Action Items Updates
- ACF Update
- Bulletin Update
- Ad-hoc workgroups Updates
- Next Steps/Action Items/Meeting Recap
- Key Messages

6/20/2019 2 

January 29, 2019 Recap

6/20/2019

3

January 29, 2019 Meeting Recap

- Update on Action Items:
 - Additional research pertaining to other agencies/programs that consider retained revenue allowable for federal and/or state participation.
 - There is another state agency that permits providers to budget for retained revenue IF the county has specifically agreed to this through contract. Reimbursement limited to 3% of the gross revenues applicable to the contract.
 - Revised Congregate Care data comparing maximum allowable per diems against contracted rates, including Foster Care.

6/20/2019

4



Max Per Diems Approved vs. Contracted Rates

6/20/2019

5



ACF Update

6/20/2019

6



Bulletin Update

6/20/2019

7



Bulletin Update

- Bulletin #3170-19-01 – “Requirements for Reimbursement of Placement Services to Children in Substitute Care” was released March 8, 2019.
- Provides instructions for completion of pre-contractual budget documentation for FY 2019-20.

6/20/2019

8

Out-of-Home Placement Budget Packets

6/20/2019

9

Budget Packet Revisions

- Revised excel templates for Out-of-Home Placement Budget Workbooks were released March 8, 2019.
 - Revised workbooks replace the templates released on January 31, 2019 for review.
 - The protections have been removed as certain capabilities were limited and macros were not working correctly.
 - RES_19-20_Template, Tab III was revised to modify calculations for “Total Direct Care Expense (FMAP Expenditures)” and “Total Personnel/Operational Expense (FFP Expenditures).
 - RES_19-20_Template Tab IV, was revised so the “Total Direct Care Expense (FMAP Expenditures)” table appears t the top of the tab and “Total Personnel/Operational Expense (FFP Expenditures)” table appears at the bottom of the tab.

6/20/2019

10

Budget Packet Revisions

- FFH_SIL_19-20_Template macros have been corrected; classes of services can be added.
- Deadline remains March 1, 2019.
- OCYF will work with a placement provider if draft workbooks have been completed or partially completed prior to March 8, 2019 to make the corrections.
- All placement providers who were not already working on the workbooks are to use the versions released March 8, 2019.

6/20/2019

11

Ad-hoc Workgroup Updates

6/20/2019

12

▶ Ad-hoc Workgroup Updates

- Provider Inclusion in the Needs-Based Plan and Budget Process
- Data Collection and Analysis
- Standardized Time Study and Budget Packet

6/20/2019

13

▶ Ad-hoc Workgroup Updates

- Problem Statement/Purpose.
- How frequent has the group met or need to meet?
- How does the group's work relate to the Task Force Charter?
- Outcomes?
- What information is required to develop appropriate recommendations?

6/20/2019

14



Additional Topics

6/20/2019

15



Next Steps/Action Items

6/20/2019

16

Next Steps/Action Items

Next Meeting

- April 9, 2019 @ CWRC: 10am – 3pm

6/20/2019


17

Key Messages

6/20/2019

18



Appendix I: Task Force Meeting, April 9, 2019



Rate Methodology Task Force

April 9, 2019


6/20/2019 1



Agenda

- Welcome and Introductions
- March 15, 2019 Meeting Recap
- Ad-hoc Workgroup Updates
- Ad-hoc Workgroup Break-out Session
- Next Steps/Action Items/Meeting Recap
- Key Messages

6/20/2019 2





Additional Topics

6/20/2019

3



Next Steps/Action Items

6/20/2019

4

Next Steps/Action Items

Next Meeting

- May 8, 2019 @ CWRC: 10am – 3pm

6/20/2019


5

Key Messages


6/20/2019


6

Appendix J: Task Force Meeting, May 8, 2019




Rate Methodology Task Force
May 8, 2019

6/20/2019 1 



Agenda

- Welcome and Introductions
- April 9, 2019 Meeting Recap
- Ad-hoc Workgroup Updates/Recommendations
- Next Steps/Action Items/Meeting Recap
- Key Messages

6/20/2019 2 



Additional Topics

6/20/2019

3



Next Steps/Action Items

6/20/2019

4

Next Steps/Action Items

Final Meeting

- June 7, 2019 @ CWRC: 10am – 3pm

6/20/2019


5

Key Messages


6/20/2019


6

Appendix K: Task Force Meeting, June 7, 2019




Rate Methodology Task Force
June 7, 2019

6/20/2019 1 



Agenda

- Welcome and Introductions
- May 8, 2019 Meeting Recap
- Ad-hoc Workgroup Recommendations
- Next Steps/Meeting Recap
- Key Messages

6/20/2019 2 



Recommendations

6/20/2019

3



Next Steps/Action Items

6/20/2019

4



Key Messages

6/20/2019

5

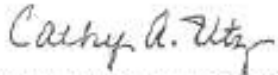


**THANK YOU EVERYONE FOR
YOUR PARTICIPATION**

6/20/2019

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Appendix L: Children, Youth & Families Bulletin #3170-19-01

ISSUE DATE March 8, 2019	EFFECTIVE DATE January 1, 2019	NUMBER 3170-19-01
SUBJECT Requirements for Reimbursement of Placement Services to Children in Substitute Care		BY  Cathy A. Utz, Deputy Secretary Office of Children, Youth & Families

SCOPE:

COUNTY COMMISSIONERS AND EXECUTIVES
 COUNTY CHILDREN AND YOUTH AGENCY ADMINISTRATORS
 CHIEF JUVENILE PROBATION OFFICERS
 CHILD RESIDENTIAL AND DAY TREATMENT FACILITIES
 COUNTY CHILDREN AND YOUTH AGENCY FISCAL OFFICERS
 FOSTER CARE AGENCIES
 PENNSYLVANIA COUNCIL OF CHILDREN, YOUTH AND FAMILY SERVICES
 PRIVATE CHILDREN AND YOUTH AGENCIES
 REHABILITATION AND COMMUNITY PROVIDERS ASSOCIATION

PURPOSE:

To inform public and private children and youth agencies and public and private providers of placement services for children and youth in substitute care that are supported through federal Title IV-E and/or state Act 148 funds of the Department of Human Services' (OHS) fiscal policies and documentation requirements regarding reimbursement for placement services.

COMMENTS AND QUESTIONS REGARDING THIS BULLETIN SHOULD BE DIRECTED TO:

Regional Children and Youth Directors
 Central Region - (717) 772-7702
 Southeast Region - (215) 560-2249
 Northeast Region - (570) 963-4376
 Western Region - (412) 565-2339

Origin: Division of County Support - ra-ocvfcontracts@pa.gov

Specifically, this bulletin provides instructions for completion and submission of pre-contractual budget documentation, an explanation of the additional documentation needed to support direct and indirect costs associated with the provision of placement services, and the policies and procedures used by the Office of Children, Youth and Families (OCYF) to determine the allowability of budgeted placement costs for federal Title IV-E and/or state Act 148 reimbursement.

This bulletin also outlines the documentation required when County Children and Youth Agencies (CCYAs) contract for placement services on a unit of service basis or by program funding, including the criteria that must be included in each invoice.

This bulletin replaces the Office of Children, Youth and Families (OCYF) Bulletin #3170-13-01.

BACKGROUND:

DHS is responsible for establishing the maximum allowable expenditures for federal Title IV-E and/or state Act 148 participation for placement services for children in substitute care.

Both state and federal regulations require DHS to oversee the operations of activities supported with state and federal funds, including monitoring all activities to assure compliance with the applicable state and federal requirements under 55 Pa. Code § 3130.12(b)(4) and 2 CFR § 200.328(a).

The following statutes, regulations, and federal policy guidance are the basis for federal Title IV-E and/or state Act 148 reimbursement for placement services to children in substitute care:

The Social Security Act, Title IV, Part E, 42 U.S.C. § 672, provides federal funds to states and tribes to provide foster care, transitional independent living programs for children, guardianship assistance, and adoption assistance for children and youth with special needs.

The Child Welfare Policy Manual, issued by the Administration of Children and Families (ACE), Chapter 8, Sections 8.1 and 8.3, define allowable Title IV-E administrative and foster care placement maintenance costs.

Office of Management and Budget's (OMB's) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, "Uniform Guidance," 2 CFR Part 200, provides a government-wide framework for grants management. It is an authoritative set of rules and requirements for federal awards.

Article VII of the Human Services Code, 62 P.S. §§ 701 et seq., makes child welfare services the joint responsibility of DHS and county government. DHS regulates the services and supervises the CCYAs administration of the service delivery to children, youth and families either directly or by purchased service contracts.

62 P.S. § 704.1(a) (relating to Payments to Counties for Services to Children), requires DHS to reimburse counties, in certain percentages, for expenditures incurred in operating their child welfare agencies.

62 P.S. § 704.1(g.2), requires service contracts or agreements between counties and service providers to include a timely payment provision.

62 P.S. § 704.3 (a) (relating to Provider Submissions), requires placement service providers to submit documentation of their costs of providing services to DHS for purposes of supporting DHS's claim federal funding and for state reimbursement for allowable direct and indirect costs incurred in the provision of out-of-home placement services. Section 704.3 (d) defines "provider" as "an entity licensed or certified to provide twenty-four hour out-of-home community-based or institutional care and supervision of a child, with the care and supervision being paid for or provided by a county using federal or state funds disbursed under [Article VII]."

The Juvenile Act, 42 Pa. C.S. §§ 6301 et seq., preserves the unity of the family or provides an alternative permanent family when the unity of the family cannot be maintained; provides for the care, protection, safety and mental and physical development of children; provides for children and youth committing delinquent acts programs of supervision, care, and rehabilitation; separates the child or youth from parents only when necessary for his or her welfare, safety, health, or in the interests of public safety; ensures that all parties are assured a fair hearing and their constitutional and other legal rights are recognized and enforced.

55 Pa. Code Chapter 3130, "Administration of County Children and Youth Social Service Programs" specifies the responsibilities for children and youth services. The goal of children and youth social services is to ensure for each child or youth a permanent, legally assured family which protects the child from abuse and neglect (see 55 Pa. Code § 3130.11).

55 Pa. Code Chapter 3140, "Planning and Financial Reimbursement Requirements for County Children and Youth Social Service Programs" provides for the development and submission of the Needs-Based Plan and Budget (NBPB), and it sets forth the mechanism by which DHS reimburses counties for eligible expenditures incurred by the CCYA and Juvenile Probation Office (JPO) for services to dependent and delinquent children and youth in substitute care.

As stated in 55 Pa. Code § 3140.17, the services described in the NBPB must be consistent with program objectives. The NBPB must be reasonable when compared with current and prior trends in the number of children and youth in the county, the number of children and youth served, service levels, and service costs. DHS determines the total costs and reimbursable costs of the county and the amount of state reimbursement allowed.

55 Pa. Code § 3140.21(c) identifies costs that will not be considered reimbursable through the NBPB process. These expenditures include, but are not limited to, intellectual and developmental disability treatment services, basic education programs,

and costs of the probation office, juvenile court, or county social service (other than the child welfare agency) staff.

55 Pa. Code §§ 3140.22 and 3140.23 identify reimbursable services and the appropriate reimbursement rate. Reimbursement rates are dependent upon the type of service provided and the setting in which the service is provided.

55 Pa. Code §§ 3140.131, 3140.132 and 3140.134 identify allowable federal Title IV-E foster care placement maintenance costs and the availability of placement maintenance for Title IV-E eligible children including those placed outside the Commonwealth.

55 Pa. Code § 3140.133 states that administrative and operational costs for Title IV-E eligible children in substitute care shall be determined and allocated in accordance with procedures issued by OHS.

55 Pa. Code Chapter 3170, "Allowable Costs and Procedures for County Children and Youth Social Service Programs," defines allowable costs that are reimbursable by OHS. Subsection 3170.11(b) states that OHS will participate financially in the payment of expenditures which are necessary and justifiable for program operation and that expenditures made must be reasonable to the extent that they are of the same nature as expenditures which would be made by a prudent buyer in the market place. Expenses which are not included in Chapter 3170 are not eligible for OHS's financial participation.

55 Pa. Code § 3170.23 identifies the two means by which purchase of service funding may be made; by unit of service funding or by program funding. Unit of service funding is the reimbursement of service providers based on a charge per service. It also describes the conditions in which program funding, which supports the total eligible expenditures for a privately administered and staffed facility or agency, can be utilized.

55 Pa. Code § 3170.60 describes what administrative overhead costs are, how they should be apportioned, how allocation methods must result in the fair and equitable distribution of costs in direct relation to actual benefits accruing to the services to which the costs are charged, OHS participation limitations and documentation requirements.

55 Pa. Code § 3170.83 describes the methods available to CCYAs to establish the rate of payment and selection of service providers when the CCYA obtains social services for children under a purchase of service agreement.

55 Pa. Code § 3170.84 identifies the maximum levels of reimbursement in which OHS will participate when services are provided on a unit of service basis.

55 Pa. Code § 3170.92 outlines the county's responsibility to maintain records and financial reports to account for the funds expended for children and youth social services.

55 Pa. Code § 3170.93 details contract requirements and the circumstances in which a contract or purchase of service agreement is required.

55 Pa. Code § 3170.103 clarifies that the county may fund programs, services, and facility costs at rates they elect; however, expenditures above the approved levels for DHS participation, and those services funded without DHS approval, are the fiscal responsibility of the county.

55 Pa. Code Chapter 3680, "Administration and Operation of a Children and Youth Social Service Agency," relates to the responsibilities of a children and youth social service agency.

55 Pa. Code Chapter 3700: "Foster Family Care Agency," establishes the minimum requirements for the operation of a foster family care agency and the minimum requirements to be applied by foster family care agencies when approving and supervising foster families.

55 Pa. Code Chapter 3800, "Child Residential and Day Treatment Facilities," establishes minimum licensing requirements to provide child residential care or child day treatment in the Commonwealth.

55 Pa. Code Chapter 6400, "Community Homes for Individuals with an Intellectual Disability," establishes minimum licensing requirements to operate community homes for individuals with an intellectual disability.

55 Pa. Code Chapter 6500, "Family Living Homes," establishes minimum licensing requirements that must be met prior to an individual with an intellectual disability living or receiving respite care in a family living home.

FEDERAL DEFINITIONS

The following definitions from 45 CFR § 1355.20 are provided to further clarify how DHS determines the maximum allowable expenditures for federal Title IV-E reimbursement for placement services to children in substitute care. State Act 148 reimbursement is not limited by the definitions below; determinations regarding state Act 148 participation are in accordance with the regulations identified in the "Background" section above.

Child Care Institution: a private child care institution, or a public child care institution which accommodates no more than twenty-five children, and is licensed by the State in which it is situated or has been approved by the agency of such State or tribal licensing authority (with respect to child care institutions on or near Indian Reservations) responsible for licensing or approval of institutions of this type as meeting the standards established for such licensing. This definition must not include detention facilities, forestry camps, training schools, or any other facility operated primarily for the detention of children who are determined to be delinquent.

Foster Care: Twenty-four (24) hour substitute care for children placed away from their parents or guardians and for whom the State agency has placement and care responsibility. This includes, but is not limited to, placements in foster family homes, foster homes of relatives, group homes, emergency shelters, residential facilities, child-care institutions and pre-adoptive homes. A child is in foster care in accordance with this definition regardless of the whether the foster care facility is licensed and payments

are made by the State or local agency for the care of the child, whether adoption subsidy payments are being made prior to the finalization of an adoption, or whether there is federal matching of any payments that are made.

Foster care maintenance payments: payments made on behalf of a child eligible for Title IV-E foster care to cover the cost of (and the cost of providing) food, clothing, shelter, daily supervision, school supplies, a child's personal incidentals, liability insurance with respect to a child, and reasonable travel for a child's visitation with family, or other caretakers. Local travel associated with providing the items listed above is also an allowable expense. In the case of child care institutions, such term must include the reasonable costs of administration and operation of such institutions as are necessarily required to provide the items described in the preceding sentences. "Daily supervision" for which foster care maintenance payments may be made includes:

(1) *Foster family care* - licensed child care, when work responsibilities preclude foster parents from being at home when the child for whom they have care and responsibility in foster care is not in school, licensed child care when the foster parent is required to participate, without the child, in activities associated with parenting a child in foster care that are beyond the scope of ordinary parental duties, such as attendance at administrative or judicial reviews, case conferences, or foster parent training. Payments to cover these costs may be: included in the basic foster care maintenance payment; a separate payment to the foster parent, or a separate payment to the child care provider; and

(2) *Child care institutions* - routine day-to-day direction and arrangements to ensure the well-being and safety of the child.

DISCUSSION

Placement services to children in substitute care are provided directly by the CCYA or through contractual relationships between CCYAs and public or private providers. Any placement service provider whose costs are supported with federal Title IV-E and/or state Act 148 funds is required to submit documentation of its costs of providing services to OCYF for supporting DHS's claim for federal Title IV-E funding and for state Act 148 reimbursement for allowable direct and indirect costs incurred in the provision of placement services.

This bulletin prescribes the format for documenting pre-contractual budgeted costs and outlines the supporting documentation needed to support OCYF's review of a placement service provider's submission. The pre-contractual budget documentation is designed to identify direct and indirect expenditures to allow OCYF to categorize reimbursable from non-reimbursable expenditures for federal Title IV-E and/or state Act 148 funding.

OCYF will determine the maximum allowable expenditure level for each level of care submitted and provide written notification to the placement service provider of the determination. CCYAs will have access to the determinations of every placement service provider who submits pre-contractual budget documentation.

CCYAs are responsible for the negotiation and execution of agreements with placement service providers in conformity with procedures promulgated by OHS. The pre-contractual budget documentation, when completed in its entirety, can support the contract negotiations between CCYAs and placement service providers.

- The template supports documenting the total costs and offsetting revenues for the program; and
- CCYAs have the information necessary to analyze the placement service provider's projected expenditure and service trends prior to contracting for services.

CCYAs may negotiate and execute agreements prior to OCYF's release of the maximum allowable expenditure level or they may choose to wait until after the maximum allowable expenditure level is determined. Regardless of when the agreement is negotiated and executed, **expenditures above the level of OHS participation and those services funded without OHS approval will be the fiscal responsibility of the county.**

Negotiated rates for placement services must be reasonable and may be established on a unit-of-service basis or, in rare circumstances and with prior authorization of OCYF, program funded. If a CCYA is approved to program fund a placement service, the CCYA must certify and document that the requirements of 55 Pa. Code§ 3170.23(d) and (e) have been met and attach that certification and documentation to the contract agreement between the county agency and the placement service provider.

The data elements that must be included on any invoice or expenditure report submitted for purposes of obtaining federal Title IV-E or state Act 148 reimbursement for placement services are detailed in this bulletin.

Lastly, the attachments to this bulletin provide detailed instructions for reporting budgeted expenses in the following areas:

- Foster Family Providers;
- Institutional Facility Providers;
- Indirect Administrative Expenses; and the
- Method of Allocation.

SUBMISSION OF PRE-CONTRACTUAL BUDGET DOCUMENTATION

OHS has established a timeframe and procedure for the submission and review of the pre-contractual budget documentation forms that will support the negotiation and execution of agreements between the CCYA and placement service provider prior to the start of the State Fiscal Year (SFY) when placement service providers meet all deadlines.

Pre-contractual budget documentation for any public and private placement service providers who anticipate receiving federal Title IV-E and/or state Act 148 funding must submit the documentation by March 1, prior to the start of the SFY under review.

Placement service providers that have received a multi-year approval of the prior SFY pre-contractual budget documentation are not required to submit documentation for the upcoming SFY. Placement service providers may choose to submit documentation for the upcoming SFY under the following circumstances:

- A new program is developed for which new budget documentation is necessary;
- The placement service provider anticipates making changes to an existing program's budget documentation which would result in a substantial change in the maximum allowable expenditure levels (i.e. change in certificates, bed counts, etc.);
- A significant financial change by the placement service provider will greatly change the expenditures and impact the determination of maximum allowable expenditures; or
- The placement service provider would like to negotiate a different rate with participating CCYAs in excess of the current maximum allowable expenditure level.

If a placement service provider that received a two-year approval in the prior SFY chooses to submit new documentation for the upcoming SFY, it is the placement service provider's responsibility to communicate the decision to OCYF through the following resource account: ra-ocvfcontracts@pa.gov

Placement service providers that received a one-year approval in the prior SFY must submit budget documentation.

The budget forms and supporting information must be submitted electronically to: ra-ocvfcontracts@pa.gov

The subject line of the submission should contain:

"Legal Entity/Parent Org Name"-FY19-20-"Initial Submission/Re-Submission."

Example: Placement Service Provider Name-FY 19-20-Initial Submission

The excel budget forms should be named using the following naming convention:

Certificate of Compliance Number-Unit ID-FY 19-20-"Initial Submission/Resubmission."

Example: 000000-AA-FY19-20-Initial Submission

Once received, OCYF will record the submission on a Tracking Log and post the pre-contractual budget documentation on the following secure website:

<https://www.dpwds.state.pa.us/docushare/dsweb/Login>

OUT-OF-STATE PLACEMENT SERVICE PROVIDERS

To qualify for federal Title IV-E and/or state Act 148 funding, placement service providers that operate in states other than Pennsylvania must be licensed by the state where they are located.

If the out-of-state placement service provider has budget reports and support documentation that can reflect Title IV-E expenditures in detail, the placement provider can submit that documentation in lieu of the pre-contractual budget forms and accompanying documentation outlined in this bulletin.

In the event the out-of-state placement service provider submits information for review and OCYF is unable to delineate the allowable costs for federal and/or state participation, the out-of-state placement service provider will need to complete and submit the pre-contractual budget form and submit any supporting information required to adequately support any claims of federal Title IV-E and/or state Act 148 reimbursement.

It is the responsibility of the contracting CCYA to inform out-of-state placement service providers of the provisions of this bulletin.

OFFICE OF DEVELOPMENTAL PROGRAMS

Prior to DHS's reimbursement of a CCYA for services by a placement service provider licensed by the Office of Developmental Programs (ODP), OCYF will review the applicable pre-contractual budget documentation forms and supporting information. Additionally, DHS requests that the CDP-licensed placement service provider use the submission process listed below.

NOTE: In order for OCYF to complete a pre-contractual budget documentation review of an CDP-licensed placement service provider to ensure the accountability of federal Title IV-E and/or state Act 148 expenditures or proposed expenditures, OCYF will review the placement service provider's documentation from the ODP budget reports to reflect the relationship between the total expenditures and the total budgeted expenditures listed on the budget documentation for the child/children in care.

REVIEWING THE DOCUMENTATION

OCYF assigns placement service provider submissions for review on a first in-first out order based on the date and time the submission is received through the OCYF resource account. **Within five business days of a placement service provider's initial submission, an OCYF reviewer will complete a preliminary evaluation of the pre-contractual budget documentation submitted to ensure all necessary supporting information has been received.** The OCYF reviewer is responsible for contacting the placement service provider to facilitate the initial phase of the pre-contractual budget review process, including making requests for any missing documentation to support the placement service provider's pre-contractual budget documentation. All supporting information (e.g., Budget documentation, Program Descriptions, Cost Allocation Plans, Organizational charts, etc.) requested during the initial phase of the pre-contractual budget review should be sent directly to the OCYF

reviewer within 10 business days, unless the reviewer provides as an extended deadline.

Supporting documentation is a vital component to completing a review. Documentation outlined in Attachments 1-4 must be submitted to the resource account along with the initial submission, unless provided previously and noted in the pre-contractual budget documentation. The OCYF reviewer may ask for additional relevant documentation that may include all or any combination of the following:

- Audited Financial Statements*,
- Budget documentation*,
- Cost Allocation Plan* **,
- Job Descriptions*,
- Program Descriptions*,
- Organizational Charts*, and
- Consolidated Staff Rosters*

*All supporting documentation will be retained by OCYF for review. See *ARCHIVING SUPPORT DOCUMENTATION* below.

**A cost allocation plan is a narrative description of the procedures that a placement service provider will use in identifying, measuring, and allocating expenditures incurred in support of multiple programs. Placement service providers who receive federal Title IV-E and state Act 148 funds will need to submit cost allocation plans in accordance with Attachment Three (3).

Once all of the necessary support documentation is received, the OCYF reviewer will confirm receipt of the complete submission with the placement service provider. Once the complete submission has been received, the OCYF reviewer has 10 business days to complete the initial Quality Assurance (QA) review. The OCYF reviewer will continue to communicate with the placement service provider to obtain documentation to support the budgeted costs.

Once the OCYF reviewer has completed the QA review, he or she will provide a draft maximum allowable expenditure level to the placement service provider prior to posting the resulting determination on the secure website noted above. If the placement service provider contacts OCYF within the allotted 10-business days, OCYF will consider changes to the draft maximum allowable expenditure level if the placement service provider identifies a calculation error or can provide additional documentation that would affect the calculations during that 10-day period, OCYF will recalculate the draft maximum allowable expenditure level.

Once the 10-day period has ended, OCYF will send a letter to each private placement service provider informing it of the final allowable maximum state and/or federal expenditure level eligible for reimbursement. OCYF will not issue letters to public placement service providers.

MAXIMUM ALLOWABLE EXPENDITURE LEVELS

All CCYAs may access the secure website to review the pre-contractual budget documentation and support information. OCYF recommends attaching the OCYF approved pre-contractual budget documentation to service agreements.

Expenditures above the level of DHS participation and those services funded without DHS approval shall be the fiscal responsibility of the county government.

MULTI-YEAR APPROVALS

As part of each QA review, OCYF determines the placement service provider's eligibility to receive a multi-year approval of the maximum allowable expenditure levels. OCYF makes this determination using pre-established criteria. The criteria is comprised of six major components of the review process:

1. Program description(s);
2. Job description(s);
3. Organization chart;
4. Cost allocation plan;
5. Time studies (if applicable); and
6. Overall quality of the review.

The overall quality of the review is evaluated in part by the placement service provider's timeliness in submitting the pre-contractual budget documentation, the completeness of the initial submission and timeliness responding to questions and/or making necessary revisions.

Some placement service providers that received a two-year approval that is expiring in the current SFY may be eligible for an extension of their approval through the upcoming SFY. OCYF will release a questionnaire for those placement service providers that are currently utilizing a two-year approval prior to the requested submission date to inform OCYF's decision regarding eligibility for an extension through the upcoming SFY. The questionnaire collects information about whether the placement service provider has experienced any fiscal or programmatic changes that could impact the currently approved maximum allowable expenditure levels.

BUDGET MODIFICATION

In rare circumstances, a placement service provider can request changes to the maximum allowable expenditure level due to unforeseen circumstances that impact(ed) the determination of allowable costs. For example, the facility sustains damage mid-SFY and the children are relocated to a new location or a placement service provider adds a program or level of care mid-SFY that impacts the indirect cost allocation.

The request should include the modified pre-contractual budget documentation and an explanation of the changes, including specific line items. The same level of supporting information is required with a budget modification as with an initial submission. Once the modified budget documentation is submitted, OCYF will perform the review as

detailed above in *REVIEWING THE DOCUMENTATION*. When OCYF posts the budget documentation to the secure website, the file name will include "MODIFIED" at the end of the naming convention.

If the budget modification request is approved, the effective date of the modified allowable expenditure level is the date OCYF receives the request, budget documentation and supporting information.

Budget modification requests should be submitted through the resource account: ra-ocvfcontracts@pa.gov

ARCHIVING SUPPORTING DOCUMENTATION

Following the final determination of the maximum allowable expenditure levels, OCYF will archive the placement service providers' supporting documentation, such as program descriptions, job descriptions, organization charts, and cost allocation plans (narratives only) submitted during the review process. These archived supporting documents will remain valid as long as they accurately reflect the organization. At the start of the next SFY review period, an OCYF reviewer will contact the placement service providers to request any updated support documentation to reflect changes made to their organization. Documentation that contains numeric data and calculations, such as time studies, audited financial statements, and cost allocation support data, will not be archived as this information must be updated with each SFY submission to support the data contained within that review.

Archiving supporting documentation improves the efficiency of the process.

PLACEMENT SERVICE INVOICES

To support DHS's claims for both federal Title IV-E and/or state Act 148 reimbursement, placement service invoices must include the following data elements:

- Facility name. For foster family providers, list the name of the licensed agency;
- Facility location (as above - the licensed agency);
- OCYF Certificate of Compliance Number (from the most recent certificate);

NOTE: For Out-Of-State Placements, the certification number should be listed as follows: Use the naming convention of: "I"+ 2 digit county code+ 3 digit identifier created by the county (i.e., 167333).*

- Name of unit and unique identifier. For foster family providers, list the foster family home and unique per diem class);
- Child's name (or identifier used by county);
- Specific dates of service for each child, for each facility, each unit (if applicable);

NOTE: When a child is placed in substitute care, OHS will reimburse for the first day or night of admission but not for the day of discharge.

- Total cost of placement services based on the negotiated rate and service days;
- Total allowable Title IV-E placement maintenance cost;*
- A separate line item to account for personal incidental costs and the allowable Title IV-E portion (if applicable);
- Total cost of administrative services; and the
- Total allowable Title IV-E administration services.*

* Some items are specific to Title IV-E reimbursements, so may not be needed to support state Act 148 reimbursements.

ATTACHMENTS

The attachments to the **Requirements for Reimbursement of Placement Services to Children in Substitute Care Bulletin** may be updated separately. Attachments one (1) through four (4) are dated to assist in keeping the manual current.

- Attachment 1: Instructions for Completing the Foster Family Home and Supervised Independent Living Service Provider Pre-Contractual Budget Excel Template
- Attachment 2: Instructions for Completing the Residential Service Provider Pre-Contractual Budget Excel Template
- Attachment 3: Instructions for Completing the Indirect Administrative Expenditure Excel Template
- Attachment 4: Time Study Guidance

Attachment 1

Instructions for Completing the Foster Family Home and Supervised Independent Living Service Provider Pre-Contractual Budget Excel Template

INTRODUCTION

This workbook is designed to identify the expenditures for each assigned class of foster family and/or Supervised Independent Living (SIL) service, the local placement service provider expenditures, and the proportionate share of indirect staff and operational expenditures. Foster family services include: foster family homes, relative foster homes, kinship foster homes, and pre-adoptive homes. The combination of expenditures will be used to calculate the maximum allowable federal Title IV-E and/or state Act 148 expenditure level.

Note: Multiple Certificates of Compliance numbers with the same per diem costs, for the same service, can complete one set of contract documentation forms to reflect the cost of all facilities.

Only the allowable maintenance expenditures paid to the foster family and/or SIL provider, or third-party organization that provides allowable maintenance items for the foster family and/or SIL provider, are reimbursable under the Title IV-E foster care placement maintenance program. Title IV-E administrative expenditures associated with foster family and/or SIL providers **must be separated** from the allowable foster care maintenance expenditures for a separate Title IV-E administrative claim.

Title IV-E allowable administrative expenditures are limited to the following items:

- Per diem development - the administrative time spent by the private foster family and/or SIL provider to complete the pre-contractual budget documentation;
- Referral to services - the administrative time spent by staff providing a child or his/her family with requested information about needed services, or directing an individual to needed treatment, aid, or information. Administrative time does not include the delivery/provision or participation in service delivery to a client;
- Placement of children - the administrative time spent by staff identifying appropriate foster family homes; completing paperwork to submit criminal background checks for prospective foster family homes; reviewing criminal background check results for prospective foster family homes; matching a child with a foster family home who can meet the child's particular needs; and working with the foster family home to prepare them to receive a specific child;

- Day-to-day administrative case management when the foster family and/or SIL provider's staff arrange for services; monitors and assures that services are being provided; schedules and arranges for appointments for the provision of services for the children in placement; and arranges for services and assures that services are provided. Neither the delivery/provision or participation in service delivery or supervision of a child's adjustment in the foster family home and/or SIL are Title IV-E allowable administrative costs; and
- Recruitment, licensing, and approval of foster family homes - finding, training, approving, monitoring, and supervising of the particular homes.

The services eligible for Title IV-E administrative reimbursement must be specifically detailed in the contract between the county agency and the foster family and/or SIL provider.

INSTRUCTIONS

Below are the instructions associated with the FFH_SIL_19-20 Template workbook that serves as the basis of the supporting documentation for a foster family and/or SIL provider's budget.

The workbook includes nine tabs to document the expenses for foster family and/or SIL providers:

1. Foster Family_SIL Providers - CoverPage
2. Required Information
3. I. Current Foster Family_SIL Service Descriptions
4. 11. Local Service Provider Staff Roster
5. III. Local Service Provider by Job Classification
6. IV. Direct Administrative Expenditures
7. V. Service Projection Chart
8. VI. Administrative Costs Per Child by Class of Service
9. VII. Foster Family_SIL Per Diem by Class of Service

Note: Green-shaded cells indicate pre-populated totals/amounts.

The "Official Use Only" columns will be used by OCYF to establish the Title IV-E allowable costs for the projected budget year. This column does not reflect the amount paid to the provider. The OCYF reviewer may use the OCYF Quality Assurance Review tool to record questions regarding each worksheet and receive responses from the provider.

COVER PAGE

This worksheet is designed to obtain contact and programmatic information for foster family and/or SIL providers.

Reimbursement Budget Documentation SFY: Providers are asked to report information for the following fiscal years:

- Projected budget for the upcoming SFY; and
Actual audited amounts for the previous SFY.

A. Foster Family and/or SIL Provider Information

1. **Certificate of Compliance:** Enter the Certificate of Compliance number in the space provided. The Certificate of Compliance number is assigned to each placement service provider upon successful completion of licensing requirements. This entry will automatically populate fields on other worksheets.

Note: If the intent is to develop a single maximum allowable expenditure level for state and federal reimbursement for multiple facilities, type "Multiple" and the Certificate of Compliance number of one of the facilities in the "Certificate of Compliance" field (i.e., Multiple 456789). List all the facilities on the "Multiple Certified Locations" schedule at the bottom of the worksheet.

2. **Legal Entity Name as per Certificate of Compliance:** Enter the legal entity name as it is listed on the Certificate of Compliance issued by OCYF. If the foster family and/or SIL provider does not have a license from OCYF, enter the legal entity name listed on the Certificate of Compliance and identify the issuing licensing office in parenthesis (i.e., "Office of Developmental Programs (ODP)").
3. **Facility Name:** Enter the facility name listed on the Certificate of Compliance license. This entry will automatically populate fields on other worksheets.
4. **Facility Street Address:** Enter the geographic location of the facility.
5. **Facility City, State, and Zip:** Enter the city, state, and zip code of the geographic location of the facility.
6. **Type of Service:** Select the type of service being provided by the facility/unit for which expenses are reported from the dropdown list. The dropdown menu appears when the arrow to the right of the field is selected.

Facility City	State	Zip	
Type of Service (select from menu)	[Dropdown Menu]		
Organization Name	COUNTY CHILDREN AND YOUTH AGENCIES (520) FOSTER FAMILY CARE (500) PRIVATE C & T AGENCIES SUPERVISED INDEPENDENT LIVING (560) COMMUNITY RESIDENTIAL REHABILITATIVE SERVICES FOR CHILDREN (580) FAMILY LIVING HOME SERVICES - (590) (530)		
Organization Street Address			

B. Organization Information (Single or Multiple Facilities)

1. **Organization Name:** Enter the name of the administrative agency that oversees the contracts executed with CCYAs and JPOs. This entry will automatically populate fields on other worksheets.
2. **Organization Street Address:** Enter the mailing address of the organization for which the report is being prepared.
3. **Organization City, State, and Zip:** Enter the city, state, and zip code of the mailing address of the organization.
4. **Federal ID#:** Enter the Federal Identification/Tax Identification number of the organization. This entry will automatically populate fields on other worksheets.
5. **CEO/President:** Enter the first and last name of the CEO/President of the organization.
6. **Position/Title:** Enter the full position title of the CEO/President.
7. **Phone Number:** Enter the business telephone number of the CEO/President.
8. **Email Address:** Enter the business email address of the CEO/President.
9. **Submission Date:** Enter the date that the submission(s) will be electronically submitted.
10. **Submission Number:** Enter the number of times the contract documentation has been submitted for review (i.e., 1, 2, 3, etc.).

C. Contact Information

1. **Contact Person Name:** Enter the first and last name of the individual responsible for completing and submitting the budget documentation.

2. **Title:** Enter the position title of the individual responsible for completing and submitting the budget documentation.
3. **Street Address:** Enter the business address for the individual responsible for completing and submitting the budget documentation.
4. **City, State, and Zip:** Enter the city, state, and zip code of the mailing address of the person who is responsible for completing and submitting the budget documentation.
5. **Phone Number:** Enter the business telephone number for the individual responsible for completing and submitting the budget documentation.
6. **Fax Number:** Enter the business fax number for the individual responsible for completing and submitting the budget documentation.
7. **Email Address:** Enter the business email address for the individual responsible for completing and submitting the budget documentation.

Note: If there is an alternate contact, copy the above fields, paste the fields on a new sheet in this workbook, complete the required fields, and name it Cover Page 2.

D. Certification Statement

Review the Certification Statement and provide the attestation.

1. **Print Name:** Enter the first and last name of the individual responsible for certifying the budget documentation.
2. **Title:** Enter the position title of the individual responsible for certifying the budget documentation.
3. **Date:** Enter the date that the certification statement has been read and signed.

Note: For every resubmission, please read the certificate statement and enter in the date. This should assist the reviewer in keeping track of the most recent information submitted.

E. Contact Information of OCYF Reviewer *(For OCYF Reviewers Only)*

1. **Name:** Enter the name of the reviewer.
2. **Phone Number:** Enter the phone number of the reviewer named above.

3. **Email Address:** Enter the email address of the reviewer named above.

F. **Multiple Facility Submission** (Only complete if a "Multiple" submission)

1. **Certification(s):** Enter the Certificate of Compliance number(s) that will be combined in the budget documentation. Once all Certificate of Compliance numbers are entered, the total number of certifications will automatically calculate at the top of this section.

2. **Unit Name:** Enter the unique name commonly used for the program.

3. **Facility Name:** Enter the facility name listed on the Certificate of Compliance.

4. **Facility Street Address:** Enter the geographic location of the facility.

5. **Facility City, State, and Zip:** Enter the city, state, and zip code of the geographic location of the facility.

Note: If completing the subsequent tabs in the workbook for multiple Certificate of Compliance numbers, report the aggregate expenses. One workbook should display all expenses and the total days of care for all included Certificate of Compliance numbers.

REQUIRED INFORMATION

This worksheet addresses three major elements of the review process. Each section contains a series of questions designed to assist the provider and reviewer in understanding and providing responses, and compiling the support documentation needed for the review process.

A. **Support Documentation**

This section serves as a checklist to identify and locate the support documentation for the review. Select the response to each of the first seven questions by using the drop-down menus; click in the shaded area to activate the drop-down arrows.

BACKUP DOCUMENTATION	
Please mark that the items below have been submitted with this budget documentation packet:	
Select from the drop-down menu below.	
1	Audited financial statements
16	These financial statements should be for the prior accounting period. If your program fiscal year starts year of 2011/2012.
17	Cost Allocation Plan
18	Job descriptions
19	Program description
20	Organizational chart
21	Consolidated staff rosters
22	Time study results
23	Explanation for missing or unavailable documentation
24	Please provide explanation for missing or unavailable documentation above as marked as "No" or "N/A"
25	
26	
27	
28	

- 1. Audited Financial Statements** - Use the drop-down menu to select whether the most recent audited financial statements have been submitted, as required for contracting with a county agency.
- 2. Cost Allocation Plan** -A Cost Allocation Plan (CAP) with the supporting documentation (i.e. time study methodology, packet specific example of methodology, explanation of the scientific quantification methodology, results, time allocation between job duties, time allocation between allowable and unallowable activity, time allocation between programs/sites, etc.) is necessary for the reviewer to support the determination of allowable expenditures. Use the drop-down menu to indicate whether the CAP is being submitted with the budget documentation or where the CAP can be found for review.
- 3. Job Description(s)** - Job descriptions are required for all positions listed on *Tab II. Local Service Provider Staff Roster*. Use the drop-down menu selections to confirm and identify where all the job descriptions can be located.
- 4. Program Description(s)** - Use the drop-down menu selections to confirm and identify where the program description(s) can be located.
- 5. Organizational Chart** - An organizational chart which includes all the job titles/positions listed on *Tab II. Local Service Provider Staff Roster* and illustrates the organizational relationships is required. Use the drop-down selections to confirm and identify where the organizational chart(s) can be located.
- 6. Consolidated Staff Rosters** - For agencies with staff who work across multiple programs, a consolidated staff roster may be required. Use the

drop-down selections to indicate whether a consolidated staff roster has been submitted.

- 7. Time Study Results** - If applicable to the agency (see Attachment 4 for time study guidance), use the drop-down selections to indicate whether time study results have been submitted.
- 8. Missing or unavailable documentation** - If "No" or "N/A" was selected for any of the support documentation questions, provide additional information in the dialogue box below.

B. Title IV-E and Act 148 Allowability

Information requested in this section identifies how each foster family and/or SIL provider identifies and determines allowable and unallowable federal Title IV-E and/or state Act 148 expenses. Clearly describe the method(s) and include an example of the calculation(s) used to determine allowable and unallowable federal Title IV-E and/or state Act 148 activities. Additional details may be necessary for clarification.

- 1. Program Description** - Foster family and/or SIL providers are requested to review their program description (prior to submission) to identify any unallowable and/or seemingly unallowable time, job duties and/or activities. Use the dialog box to describe the identified unallowable and/or seemingly unallowable time, job duties and/or activities and indicate where additional information can be found.
- 2. Job Description** - Foster family and/or SIL providers are requested to review their Job Descriptions (prior to submission) used for each job title/position listed on the Staff Roster(s). For staff who provide services that are unallowable/non-applicable for federal Title IV-E and/or state Act 148 participation, use the drop-down menu to select the methodology used to quantify the unallowable/non-applicable activities performed. Identify and address any unallowable and/or seemingly unallowable activities performed and use the dialogue box to enter the calculation(s), with an example, used to allocate personnel into different job categories. Identify where additional documentation can be found to support the methodology.
- 3. Recreation** - Recreation costs are typically unallowable for federal Title IV-E reimbursement; however, personal care incidentals are allowable as a foster care maintenance payment. The reasonable and occasional cost of items, such as tickets or other admission fees for sporting, entertainment or cultural events or dues for clubs are considered personal incidental expenses. The costs of staff necessary to provide supervision to ensure the well-being and safety of children on, or off, campus is

allowable even if the event has recreational components. The costs of staff merely accompanying the children, not necessary for their supervision, are not allowable. If including costs related to recreation in this budget documentation, use the dialogue box provided to identify and clearly describe what those costs include and whether those costs are allowable for federal Title IV-E reimbursement based on the information provided above.

C. Method of Allocation

This section is designed to collect information regarding how personnel and operating costs are allocated to, within, and across program(s). Select a response from each drop-down menu and provide the description(s) with data and calculation(s) in the space provided. If the dialogue box does not provide sufficient space, or information is located elsewhere, use the dialogue box to identify where (i.e. file name, tab, etc) the information is located to support the allocation method(s).

- 1. Question 12: How do you allocate staff salaries to this program?-** Describe how staff salaries are allocated to this program. Use the drop-down menu to select the response that best fits the methodology. In the dialogue box, provide the calculation and a packet specific example(s) to support the methodology. If the dialogue box does not provide sufficient space, or the information is located elsewhere, use the dialogue box to identify where the information is located that supports the allocation method(s).
- 2. Question 13: How do you allocate direct operating costs to this program? -** Describe how direct facility/operational costs are allocated to this program. Use the drop-down menu to select the responses that best fits the methodology. In the dialogue box, provide the calculation and a packet specific example(s) to support the methodology. If the dialogue box does not provide sufficient space, or the information is located elsewhere, use the dialogue box to identify where the OCYF reviewer can locate the information that supports the allocation method(s).
- 3. Question 14: Have you identified costs associated with any of the following? -** Use the drop-down menu to select whether any of the expenditures in the workbook are associated with any of the five cost items listed. If the response is "Yes" to any of the cost items, use the dialogue box to provide additional detailed information. For example, if there are expenditures included related to the "Transportation/Travel of Foster Parents", use the dialogue box to identify what is included in those costs, e.g. transportation costs for a foster parent to attend administrative case/judicial reviews.



4. **Question 15: Specific Items of Cost-** There are five items of costs often found in budget documentation which may be only be allowable under certain circumstances and others which are unallowable for federal and/or state reimbursement. Use the drop-down menu to select the response that best fits the expenditure(s). If there are any unallowable costs listed, use the dialogue box to identify those costs. If the dialogue box does not provide sufficient space or the information is located elsewhere, identify where the information is located.
5. **Question 16: Have you added any line items to Sheet IV. Direct Administrative Expenditures?** - If additional items of cost were added (professional fees, management costs, etc), use the dialogue box to clearly identify the line item(s). For example, if a professional fees line item for \$40,000 was added, use the dialogue box to describe the specific costs listed; e.g. \$20,000 payroll fees, \$10,000 auditing costs, \$10,000 psychologist retainer fee. This level of detail will substantiate the determination of costs allowable for federal Title IV-E and/or state Act 148 reimbursement.
6. **Question 17: Does your program have an educational or MH/1D component?** - Describe whether the program being reviewed includes an education and/or Mental Health/Intellectual Disability (MH/ID) component and if so, whether those costs are included in this budget documentation. Use the drop-down menu to select the response.

Note: If there are costs included in the budget documentation related to basic education and/or MH/ID services, include offsetting revenue for all costs (both personnel and facility/operational) on *Tab IV. Direct Admin Expenses*.

7. **Question 18: What method is used to allocate administrative costs to each class on *Tab VI. Admin Cost Per Child by Class of Service?*** - Use the drop-down menu to select the response that best describes how administrative costs have been allocated across the foster care classes of service. Use the dialogue box to provide the calculation along with a packet specific example(s) to support the allocation method(s). If the dialogue box does not provide sufficient space, or the information is located elsewhere, use the dialogue box to identify where the information can be located.
8. **Question 19: If your program expenses have increased or decreased from the prior actual audited year to the projected year, explain the reason(s) for the variation(s) in the box below.** - If the program expenses (both personnel and facility/operational) have increased or decreased from the prior actual audited year to the projected budget year,

use the dialogue box to explain the reason for the variances. For example, if the Case Manger Full Time Equivalency (FTE) increased from the previous actual audited year to the projected budget year due to an increase in children served, provide that reasoning in the dialogue box. If the dialogue box does not provide sufficient space or the information is located elsewhere, use the dialogue box to identify where the information can be located.

I. CURRENT FOSTER FAMILY SIL SERVICE DESCRIPTIONS (CURRENT SERVICE DESCRIP)

This worksheet details each class of foster family and/or SIL service for the projected budget SFY. The foster family and/or SIL provider should describe the population served and the daily expenses covered by the pre-contractual audit report for each class. The foster family and/or SIL provider may use as many classes as needed to describe all levels of foster family services rendered. (Example: Class AA and Class BB have the same expenses, but Class AA is for infants and Class BB is for adolescents. The daily expenses are different but equivalent in total amounts.)

The foster family provider should report any other expenses paid to the foster family home more than the foster family daily reimbursement. The items are considered incidental expenses reimbursed outside of the daily per diem. Describe these items in detail. OCYF may, as part of the review, verify that the contracting county agency has agreed to pay for incidentals. Items of expense described in the "Incidental" column should not be included in the maximum allowable expenditure levels for federal Title IV-E and/or state Act 148 reimbursement; these costs are invoiced separately to the county agency on a child-specific basis.

Medical treatment costs that are reimbursed by Medical Assistance (MA) should not be included on this worksheet. The costs supported by the MA rate should not be used to calculate the daily per diem billed to the county agency.

A. Instructions

As shown below, the foster family and/or SIL provider needs to enter the number of foster family and/or SIL classes to the right of the form (above the button):


ENTER THE
NUMBER OF
FOSTER FAMILY
CLASSES BEFORE
USINGG THE
BUTTON HERE-->»

The worksheet is pre-populated with three classes of service. If a foster family and/or SIL provider has more than three classes of service, the foster family and/or SIL provider will need to add one or more "Classes of Service" using the macro to the right of the worksheet. The worksheet will prompt the user to continue inserting classes of service until the number available is equal to the number of classes entered by the foster family and/or SIL provider in the block shown above. It is critical that the macro be utilized to add classes of service because it creates the same number of classes of service on multiple worksheets. For example, if the foster family and/or SIL provider has four classes of service, type "4" in cell K3. Because three classes are pre-populated on the worksheet, a message will instruct the user to run the macro once to insert one additional class:

ENTER THE NUMBER OF FOSTER FAMILY CLASSES SHOWN USING THE BUTTON HERE->»

4

Please click the circular button labeled 'Insert Additional Class on Tabs I, V, VI, and VII' one time before entering any information below.



1. **Foster Family Per Diem** - Enter the per diem (daily reimbursement amount) paid to the foster family home or SIL placement to maintain a child in care in the three columns identified for each SFY. DO NOT enter total budgeted amounts for the class (i.e., \$25.50 not \$700,000).
2. **Class of Service** - Use any two letters (i.e., AR, PK, BB, ZC, etc.) to label each class of service.
3. **Population served in Class** - For each "Class of Service", describe the population that qualifies for each per diem in the column (e.g., ages 12 to 18; ages 12 to 18 with special medical needs; newborn through 2 years old; etc.).
4. **Foster Family Per Diem Includes** - For each "Class of Service", outline the expenses that are covered by the per diem paid to the foster family home in this column; i.e., food, clothing, shelter, and daily supervision. If the foster family per diem charged to the contracting county agency includes reimbursement for unallowable foster care maintenance activities, identify the unallowable portion of the per diem amount and list the associated unallowable activities.

NOTE: If there is a portion of the foster family per diem that is reimbursed by another funding source and that expense is not included in the per diem rate charged to the contracting county agency, **DO NOT** include that portion of the per diem on this worksheet.

5. **Incidentals IN EXCESS of Foster Family Per Diem** - For each "Class of Service", identify expenses, if any, that would be described as incidentals. All of these items are to be available to every member of the class of service. See the instructions at the beginning of this section for further information.

II. LOCAL SERVICE PROVIDER STAFF ROSTER (CLOC SERV PROV STAFF ROSTER)

The foster family and/or SIL provider should list all staff employees, whether the employee is full-time or part-time, and the FTE projected to be allocated to the program described for the **Project Budget SFY**. If an employee performs multiple job functions within the program, the amount of that employee's salary should be listed under each job function that employee performs. The employee's total budgeted salary should equal the budgeted salary amount allocated to the unit.

The identifying information located in the heading of each page should automatically populate based on proper completion of the *Cover Page*.

A. Local Service Provider Staff Roster

1. **Staff Identification** - Enter the name or a predetermined unique identification of each employee that is anticipated to work at the facility during the upcoming year. If using a unique identifier in substitute of the employee name, ensure that the unique identification assigned to each employee can be tracked back to a specific staff member for audit purposes. (Example: "John Smith" or employee number "321", etc.)
2. **Position/Title** - Enter the position/job title of the occupation that the employee is designated to perform during their routine job duties.
3. **Full-Time or Part-Time** - Enter 100% if the employee listed will be a full-time employee for the agency. If the employee will be a part-time employee, enter the percentage of time the employee will be working for the agency.

NOTE: **DO NOT** use check marks; write in the words such as "yes" or "no" or put an "X" in the cells under the categories.



4. **Weeks worked during the year** – List the number of weeks projected to be worked by the employee. If an employee will work an entire year, list "52" in this column. If an employee will work **less than** the entire year, list the number of weeks the employee will work (i.e., the employee works exactly half a year, 26 weeks, the service provider would enter "26" in this column). A formula is built into the worksheet to adjust the FTE count to accurately reflect the FTE count needed to operate the facility/unit.
5. **Total Annual Salary Paid** - List the employee's total annual salary/wage budgeted for the year. The total salary listed in this column should include salary costs for all job functions performed by the employee at the agency for the entire year.

Note: When completing this form, compensation for on-call duties as well as over-time paid to the employee should be included. DO NOT add a single line item identified as "Over-Time" with the cost of over-time for all employee's that work at the facility/unit. Documenting compensation for on-call duties as well as over-time paid to the employees can be done in two different ways:

- Include all compensation on a single line which would include the employees' total annual salary as well as compensation for on-call duties and overtime. In this method, adjust the percentage of time (FT/PT) to reflect the additional compensation. A full-time employee would be listed as greater than 100% in this situation; or
 - Create a second line for the additional compensation for the individual employee. The employee's identifying information may be displayed as "Joe Smith" or "Employee 654321" for the first line assigned to that employee along with all the necessary information to complete the sheet. The second line for the same employee that is reflective of the additional compensation may be "Joe Smith OT" or "Employee 654321 OT." In this method, the second line for the same employee would still need to reflect the percentage of time associated with the additional compensation. This situation would not produce an employee whose percentage of time is greater than 100%.
6. **Percentage of Total Salary Allocation to this Facility** - Enter the percentage of the employee's total salary allocated to this site. For staff who work solely in this program, their allocation is 100%. For staff who work across multiple programs, enter the percentage of time that is allocated to this program. For example, if a full-time employee works equal time between four (4) different programs, the employee's salary is allocated at 25% for each program. List the allocation percentage number rounded to two decimal places.

An employee's salary must be separated into the below job categories. When totaled, the amounts included in each of the five (f) job categories should equal the employee's salary allocated to the program.

7. **Case Management** – List the portion of the position's salary that is associated with related allowable federal Title IV-E and state Act 148 case management activities.
8. **Manage or Supervisor Staff** – List the portion of the position's salary that is associated with managing or supervising the federal Title IV-E and state Act 148 allowable activities.
9. **Support Staff** – List the portion of the position's salary that is associated with supporting the federal Title IV-E and state Act 148 allowable activities.
10. **Clinical/Treatment/Social Services and Medical Services** – List the portion of the position's salary that is associated with the federal Title IV-E unallowable activities of "Clinical/Treatment/Medical and/or Social Services". This includes any position's salary that is providing oversight (Manager/Supervisor) and/or support (admin assistant/clerical) to a staff member performing these activities.
11. **MH/ID Services and Education Services** – List the portion of the position's salary that is associated with MH/ID and/or Educational Services which are unallowable for federal Title IV-E and state Act 148 reimbursement.

NOTE: If an employee splits his/her time among more than one **facility or job category**, an explanation of how the employee's time is divided should be included in the facility's staff allocation plan on the *Required Information tab*.

12. **Staff Salary Allocated to this Site** - The employee's total salary/wages that should be charged to the facility will automatically calculate. This amount should **not** be equal to the employee's total salary if a portion of the employee's salary is allocated elsewhere.
13. **Error Message** - A red error message stating, "Categorical totals do not equal totals allocated to this facility" will appear if the sum of the salary amounts listed each job category do not match with the FTE amount allocated to the facility/unit.
14. **TOTALS** - The totals for each of the following columns should appear in the green cells directly above them: "Total Annual Salary Paid", "Job Categories" and "Total Salary/Wages Allocated to the Facility".

NOTE: The totals of each job category (Case Management, Managers or Supervise Staff, Support Staff, Clinical/Treatment/Medical/Social Services and MH/ID or Education Services) on *Tab II. Loc Serv Prov Staff Roster* should agree with the job category subtotals in the "Projected Budget" column on *Tab III. Local SP Rost - Job Class.*

NOTE: If the foster family and/or SIL provider is completing this workbook for multiple facilities in which the same costs exist for several Certificate of Compliance numbers, then *Tab II. Loc Serv Prov Staff Roster* should include all staff that work at the facilities under the Certificate of Compliance numbers reported on the *Cover Page.*

Inserting Additional Rows

To insert additional rows, select the appropriate macro, titled "To add 1 additional line, please click on this Button" or "To add 10 additional lines, please click on this Button." It is critical that the macro is utilized to add rows so that the "TOTALS" above the columns include the costs reported in the newly added rows.

III. LOCAL SERVICE PROVIDER BY JOB CLASSIFICATION

This worksheet summarizes staff costs categorized by job classification. The worksheet is designed to report staff costs for two SFYs. The total FTE count on this worksheet should reflect the number of staff necessary to operate the facility/unit. Provide as much detail as possible when explaining any significant changes in staff time, FTE counts, and/or personnel costs on the *Required Information* tab.

- 1. Position Titles** – Enter the agency specific position titles that most appropriately describe the job function for that group of employees in each of the five job categories: Case Management; Managing/Supervising Staff; Support Staff; Clinical/Treatment/Medical/Social Services; and MH/ID or Education Services. Use these position/job titles to report salary costs and FTE counts. List the position title one time for each unique position title. If employees who hold the same position AND have identical job duties, list the position title once with the corresponding FTE count. If the position title is held by multiple employees, but each employee has different job duties, separate these as a new entry and enter the applicable heading. Example: Under the "Clinical/Treatment/Medical/Social Services" heading, the following position/job titles may be reported: Medical Assistant, Physician, Clinical Counselor, etc.



NOTE: To insert a line in one of the job categories, select a blank row by right clicking the row number underneath the job category heading; select "Insert". Following these instructions will assure that the inserted row will include the formulas from the existing rows.

- 2. Prior Actual Audited SFY/Projected Budget SFY -** Enter the total amount of salary and wages for each of the job categories listed on the form in their respective columns for each budget year.
NOTE: The total amount for each job category in the "Projected Budget" column should equal the total amount from the same categories listed on *Tab II. Loc Serv Prov Staff Roster*.
- 3. FTE -** List the total FTE count for each job title/position for each SFY. This is for the intended number of employees versus the actual number employed to account for vacancies. FTE is calculated by adding the number of full-time staff to the percentage of all part-time staff. Entries can be rounded to two (2) decimal places.

Example One: If a work year is defined as 2080 hours, one staff member that is employed full-time for the entire year is FTE = 1.0. Two employees working 1040 hours each, FTE = $0.5 \times 2 = 1.0$.

Example Two: 2 full-time staff ($1.0 + 1.0 = 2.0$) and 3 part-time staff (1 at 75%, 1 at 50% and 1 at 10%). FTE would equal $2.0 + 0.75 + 0.50 + 0.10$ or 3.35 FTE.

- 4. Subtotal (within each job category) –** The total salary within each job category for the Projected Budget SFY populates from the sum of the lines within each job category.

The sum of all the position/job titles within the job category should equal the amount that is pre-populated (in the green shaded cell) in the total for the specific job category.

NOTE: If the sum of all position/job titles within the specific job category does not equal the pre-populated "Total" line in the "Projected Budget SFY" column, an error message stating, "Sum of the allocated salaries does not equal the sum of [job category]", will appear in the cell underneath the pre-populated "Total" line.

- 5. Totals of All Staff -** Totals will automatically populate for each column.

NOTE: The totals of each job category for the Projected Budget SFY should be the same as the "Total" for each of the job categories listed on *Tab II. Loc Serv Prov Staff Roster*.

NOTE: If completing this workbook for multiple facilities in which the same costs will be charged for several Certificate of Compliance numbers, then this worksheet should include all staff that work at the facilities under the Certificate of Compliance numbers that are reported on the *Cover Page*.

IV. DIRECT ADMINISTRATIVE EXPENDITURES (DIRECT ADMIN EXPENSES)

This worksheet summarizes all the facility and direct care expenses. When completed, expenditures for two budget SFYs, Prior Actual Audited SFY and Projected Budget SFY, will be reported.

Objects of Expense

For each "Object of Expense" line item listed, enter the expense incurred in the Prior Actual Audited SFY and projected expense in the Projected Budget SFY.

If an expense item does not fit one of the defined line items, list the cost separately under "Other" in terms that clearly describe the expenditure. **Do not group different types of expenditures together and identify as "Miscellaneous".**

1. **Personnel Expense** - The total of each job category (Case Management, Manage or Supervise Staff, Support Staff, Clinical/Treatment/Social Services and Medical Services, and MH/ID Services or Education Services) should populate in the "Personnel Expense" section of this form. The total amount of prior actual audited and projected budgeted year salary and wages should appear in the appropriate line for each category of staff in the respective columns for each fiscal period.

NOTE: These job categories should include all wages and salaries, over-time and on-call time for staff positions at this site.

- A. **Case Management Staff** - Staff that recruit, approve, oversee, monitor, and certify foster family homes. Include staff who are responsible for the following: administrative time arranging for the services and monitoring the implementation of the family service plans of children in placement; assuring services are provided as required by the plan; and scheduling and conducting reviews of children in placement. Excludes the participation in social service delivery or providing a social service directly to the client and/or families of the client.
- B. **Manage/Supervise Staff** - Staff that supervise other staff and ensure quality standards are met. Examples may include, but are not limited to, program supervisors and clerical supervisors.



- C. Support Staff** - Staff required to maintain the day-to-day, general functioning of the local provider office. Staff whose activities may include, but are not limited to, bookkeeping, data processing, auditing, janitorial, and clerical to the extent that these costs are not considered direct service/case management activities.
- D. Clinical/Treatment/ /Social Service/Medical Staff** - Staff that provide children and their families with counseling or treatment to ameliorate or remedy the personal, medical, mental health, and drug and alcohol problems resulting in the child's placement. Staff who participate in social service delivery or provide a social service directly to the client.
- E. MH/ID and Education Services Staff** – Staff who participate in MH/ID service delivery or provide MH/ID services directly to the client and/or families of the client. Staff who participate in academic educational service delivery or provide academic educational, teaching and instructional services directly to the client.
- F. Employee Benefits** - Enter the total amount of benefits paid by the employer on behalf of the above staff in each column. Benefits may include but are not limited to the costs of employer paid payroll taxes on the behalf of the employee, employee insurance, pension, and unemployment benefit plans. Use the "Explanation of Costs" section to describe what is included in the line item.
- G. Staff Training** - Include the cost of staff training in both columns. Costs should include any training that will increase the ability or enhance the performance of staff members to provide support and assistance to children in the facility settings. This includes:
- Short-term staff training.¹
 - Training expenses may also include:
 1. travel, per diem, tuition, books and registration fees for trainees;
 2. salaries, fringe benefits, travel and per diem for staff development personnel assigned to training;
 3. salaries, fringe benefits, travel and per diem for experts outside the agency engaged to develop or conduct training programs; and

¹ Under 42 U.S.C. § 674 (a)(3)(B) of the Act short term training also includes members of the staff of abuse and neglect courts or other court-appointed special advocates representing children in the proceedings of such courts in ways that increase their ability to provide support and assistance to title IV-E eligible children.

http://www.ssa.gov/OP_Home/ssact/title04/0474.htm



4. cost of space, postage, training supplies, and purchase or development of training material.
- Unallowable costs for trainees under this provision include salaries and fringe benefits.² Use the "Explanation of Costs" section to describe what is included in the line item.

H. Total Personnel Expenses - The total for each column, by budget year, should automatically populate in the "Total Personnel Expenses" line of each column.

2. Facility/Operational Expenses - Report all expenditures, using the descriptions below, for the agency in the applicable line items listed on the form. For the Projected Budget SFY, explain what is included in the "Explanation of Costs" section for each line item.

A. Facility (Rent/Depreciation) - Fair market cost of renting, leasing or depreciating the space that is being used in the administration of the foster care program.

B. Maintenance - The upkeep of the grounds which includes necessary maintenance, normal repairs and alterations required to keep the property in an efficient, operating condition.

C. Building Utilities - Costs of all utilities for the building used in the administration or operation to provide for the daily operation and functioning. Examples of these costs include but are not limited to: heat, electricity, water, sewer services, and trash removal.

D. Communication - Costs incurred for telephone services, local and long-distance telephone calls, messenger, electronic or computer transmittal services and internet service.

E. Office Supplies - Cost of supplies necessary for general operation of administrative duties. Examples of these costs include but are not limited to: general office supplies, ink/toner and calculators.

F. Transportation/Travel - This includes the cost incurred for business related travel by employees who are traveling on the day-to-day official business of the agency. Examples of these costs include but are not limited to: Gasoline, mileage, hotel costs, meals, tolls, parking, and vehicle rentals.

² Child Welfare Policy Manual, page 48.

https://www.acf.hhs.gov/cwpm/public_html/programs/cb/laws_policies/laws/cwpm/policy.jsp?idFlag=8
42 U.S.C. § 674 (a)(3)(A) and (B), 45 CFR, §§ 235.63 - 235.66 (a), 1356.60 (b) and (c).



- G. Foster Parent Transportation/Travel** - Expenses incurred for the transportation and travel costs of foster parents related to attendance at administrative case/judicial reviews, mandatory case conferences/team meetings and any additional agency required transportation related to the child.
- H. Vehicle Maintenance and Repair** - The operating and maintenance costs of the vehicles used for administration and operation of the agency. Examples of these costs include but are not limited to: Registration fees, gas, inspections, vehicle repairs, oil, and tires
- I. Postage and Shipping** - Cost of postage includes stamps, envelopes, shipping and handling.
- J. Printing and Publications** - The general costs of printing, publishing and press work associated with the ordinary function of the provider agency.
- K. Insurance** - The cost of property and casualty insurance premiums for the building and vehicles and the costs of liability insurance on behalf of the child. Also includes coverage of damages by a child to the provider's property and harm done by a child to another party.
- L. Equipment and Furniture (Depreciation)** – The depreciation of furniture and equipment not affixed to the building. Examples include, but are not limited to, mattresses, dressers, blankets, bedding and towels.
- M. Association Dues/License Fees** - The cost of any fees required to operate the facility.
- N. Foster Parent Training** – Foster parents in Pennsylvania are required to participate in six hours of agency approved training annually.³ This line item should include expenses incurred by the foster family provider in facilitating agency approved trainings.
- O. Recruitment of Foster Parents** – To achieve timely and appropriate placement of all children, placement agencies need an adequate pool of families capable of promoting each child's development and case goals. This requires that each agency's recruitment process focuses on developing a pool of potential foster and adoptive parents willing and able to foster or adopt the children

³ 55 Pa. Code § 3700.65

needing placement.⁴ Necessary expenses related to these recruitment activities should be included in this line item. 2 CFR § 200.463 provides examples of allowable and unallowable costs related to recruitment.

- P. Recruitment of Staff** - Costs incurred by activities such as help-wanted advertising, promotional and public relations related to obtaining staff.
- Q. Advertising** - Costs incurred by activities such as promotional and public relations unrelated to obtaining staff. According to 2 CFR § 200.421, advertising expenses means “the costs of advertising media and corollary administrative costs. Advertising media include magazines, newspapers, radio and television, direct mail, exhibits, electronic or computer transmittals, and the like.” Reference this guidance to ensure proper categorization of this expense and explain it on the *Required Information* tab.
- R. Bank Fees** – Bank fees associated with the program’s operations for normal business costs are allowable. However, surcharges incurred for late payments of loans are unallowable for federal and state participation.
- S. Interest** - Interest paid for funds borrowed from a lending institution in the case where funds are borrowed to meet the cash flow requirements of ongoing programs are considered allowable for both federal and state reimbursement. Interest on borrowed capital, temporary use of endowment funds, or the use of the non-profit organization’s own funds, however represented, are unallowable for federal reimbursement. There are narrow exceptions that make interest expense allowable for federal reimbursement. Reference 2 CFR § 200.449 to ensure proper categorization of this expense and explain it on the *Required Information* tab.
- T. Other** - Report any expenses that do not fit into the expense categories already listed on the worksheet. The range of what may be included varies greatly and must be described in the *Required Information* tab. Refer to 2 CFR Part 200 to ensure only the allowable portion of the cost is listed on the form. For-profit companies may add a line item identified as “Profit”.

⁴ Child Welfare Policy Manual, Q4.1.1.

http://www.acf.hhs.gov/cwpm/programs/cb/laws_policies/laws/cwpm/questDetail.jsp?QAId=630

42 U.S.C. (a)(3)(A) and (B), 45 CFR §§ 235.63 – 235.66(a), 1356.60 (b) and (c).



U. Total Facility/Operational Expenses - The total of each column by budget year for the facility and operational expenses automatically populates in the "Total Facility/Operational Expenses" line of each column.

3. **Subtotal** - This total automatically calculates by adding the "Total Personnel" and the "Total Facility/Operational" expenses.
4. **Offsetting Revenue** – Specify and individually list the source of any revenue(s) received to offset costs prior to the calculation of the per diem. Offsetting Revenue is revenue received from other sources, for those costs reported in the budget documentation; examples may include but are not limited to MA, MCO, grants, donations, fundraising, national school lunch program and the Department of Education. In addition, any costs included in the budget documentation related to MH/ID and/or Educational services should have a source of offsetting revenue listed. Assure that a proportionate share of revenue is allocated to the allowable Title IV-E portion of the per diem.

NOTE: Offsetting revenue should be included to offset the entire amount identified as state Act 148 unallowable.

A. Total Offsetting Revenue - The total of all revenues reported in this category will automatically populate.

5. **Total Direct Administrative Expenditures** - The "Total Offsetting Revenue" line for each column is subtracted from the "Subtotal" line of all columns to determine the "Total Direct Admin Expenditures".

Note: If completing the packet for multiple facilities in which the same costs may be charged for several Certificate of Compliance numbers, this worksheet should include expenditures for all the facilities under the Certificate of Compliance numbers listed on the *Cover Page*.

6. **Indirect Administrative Expenditures** – Enter the allocation of indirect administrative expenses as identified in the "Master Program List" for this facility on the Indirect Administrative Expense (IAE) Template.
7. **Total Administrative Expenditures** - This total calculates the sum of the "Total Direct Administrative Expenditures" line and the "Indirect Administrative Expenditures" line.

Percent (%) Change

This column automatically calculates the percent of change from prior actual audited SFY to the projected budget SFY. Use the narrative box in question 19

on the *Required Information* tab to explain any significant variances from the prior actual audited SFY to projected budget SFY.

Explanation of Costs

The “Explanation of Costs” column requests information to be entered for every line item in which a cost is reported. This column helps providers and OCYF determine whether the projected budget costs are allowable/applicable or unallowable/non-applicable for federal Title IV-E and/or state Act 148 participation. In this column, describe what is included in each object of expense. For example, if the placement service provider expects to incur insurance expenses in the upcoming SFY, list the types of insurance (e.g., \$3,000 for General Liability Insurance, \$1,500 for Building Insurance for Facility and \$500 for Facility’s Car Insurance for One Vehicle).

V. SERVICE PROJECTION CHART (SERVICE PROJECTION)

This worksheet, when completed, displays the annual days of service provided, based on days of care for each “Class of Service”. This worksheet is to be completed for both SFYs.

This information should relate to information on *Tab IV. Direct Administrative Expenditures* and *Tab VI. Administrative Costs per Child by Class of Service*.

- 1. Total Days of Care (All Classes)** – The “Total Days of Care” should show the total for all classes of service.
- 2. Class** - The two (2) alpha codes should populate from *Tab I. Current Service Descrip.*
- 3. Days of Care** - Enter the total days of care for each class of service for the entire year for both SFYs. Example: Five (5) children in Class A for one (1) day = five (5) days of care).
- 4. Percentage of Days to Total Days of Care** – This column will calculate the percentage of days of care of the “Total Days of Care” for the identified class of service.

VI. ADMINISTRATIVE COSTS PER CHILD BY CLASS OF SERVICE (ADMIN COST PER CHILD)

This worksheet calculates the administrative cost per child, per day in each "Class of Service". The service provider should report the percentage of administrative costs allocated to each "Class of Service" for both SFYs.

NOTE: This section is not applicable to public foster family providers.

- 1. Foster Family Class** - The "Class of Service ID" will populate from *Tab I. Current Service Descrip.*
- 2. Percentage of Administrative Budget per Class** - Enter the percentage of the "Total Administrative" amount that is allocated to each "Class of Service". This field should be completed for each "Class of Service" for each SFY.
- 3. Total Administrative Cost for Class** - This amount calculates by multiplying the total administrative expenses by the percentage of "Administrative Budget" per "Class of Service".
- 4. Total Placement Days per Year** - This count is from *Tab V. Service Projection* and is extracted from each "Class of Service" for each SFY.
- 5. Average Admin Cost/Child per Day** – This amount calculates by dividing the "Total Administrative" amount for "Class of Service" by the "Total Placement Days" per SFY.

VII. FOSTER FAMILY SIL PER DIEM BY CLASS OF SERVICE (PER DIEM CALCULATIONS)

This worksheet displays the maintenance, administrative and total calculated per diem for each "Class of Service" for each SFY. This report will also display the "Final Adjusted Title IV-E Allowable" per diem portions as well.

- 1. Foster Family Class** - The "Class of Service ID" will populate from *Tab I. Current Service Descrip.*
- 2. Foster Family Maintenance Per Diem** - The total maintenance per diem should populate from *Tab I. Current Service Descrip.*
- 3. Calculated Administrative Cost** - The "Final Adjusted Projected Budget" and "Final Adjusted Title IV-E Allowable Administrative Cost" should populate based on *Tab VI. Admin Cost per Child.*

- 4. Total Calculated Per Diem** - The "Total Calculated Per Diem" will display the sum of the maintenance per diem and administrative costs.

Attachment 2

Instructions for Completing the Residential Service Provider Pre-Contractual Budget Excel Template

INTRODUCTION

This workbook is designed to identify the expenditures of a residential facility, the expenditures for direct care of the children in placement and the proportionate share of indirect staff and operational expenditures related to the residential facility/unit. This includes: group homes, emergency shelters, institutional facilities, juvenile detentions, secured facilities, and transitional living programs. The expenditures, number of licensed beds, and occupancy rate will be used to calculate the maximum allowable federal Title IV-E and/or state Act 148 expenditure level for each residential facility/unit on a per diem basis.

Note: Multiple Certificates of Compliance numbers with the same per diem costs, for the same service, can complete one set of budget documentation forms to reflect the cost of all facilities.

The licensed bed capacity used in the allowable per diem determination is indicated on the Certificate of Compliance issued by DHS, except as follows:

- **Residential facility providers that program fund a portion of their beds/capacity** - A contract must show the number of beds that are proposed to be program funded. The balance of beds listed on the Certificate of Compliance will be used to calculate the allowable cost per diem.
- **Residential facility providers that are licensed by the Office of Developmental Programs (ODP)** - The expenses for ODP-licensed residential service providers will be child specific. Review the "Office of Developmental Programs" section listed below to verify the documentation needed to request federal Title IV-E and/or state Act 148 reimbursement.

INSTRUCTIONS

Below are the instructions associated with the RES_19-20 Template workbook that serves as the basis of the supporting documentation for a residential facility's budgeted expenditures.

One workbook should be submitted for each level of care within a residential facility that the CCYA and/or JPO intends to contract for services. An allowable cost determination is needed for each level of care versus each Certificate of Compliance.

The workbook includes six (6) tabs to document the expenses for residential providers:

1. Cover Page
2. Required Information
3. I. Residential Facility Staff Roster
4. II. Residential Facility Staff Projection
5. III. Residential Facility Expenditures
6. IV. Residential Facility Per Diem Calculation

Note: Green-shaded cells indicate pre-populated totals/amounts.

The "Official Use Only" columns will be used by OCYF to establish the Title IV-E and/or state Act 148 allowable costs for the projected budget year. These costs are used to establish the allowable Title IV-E per diem. The column does not reflect the amount paid to the residential service provider. The OCYF reviewer may use the OCYF Quality Assurance Review tool to record questions regarding each worksheet and receive responses from the provider.

COVER PAGE

This worksheet is designed to obtain contact and programmatic information for residential service providers.

Reimbursement Budget Documentation SFY: Providers are asked to report information for the following fiscal years:

- Projected budget for the upcoming SFY; and
Actual audited amounts for the previous SFY.

A. Residential Facilities Provider Information

1. **Certificate of Compliance:** Enter the Certificate of Compliance number in the space provided. The Certificate of Compliance number was assigned to each residential service provider upon successful completion of licensing requirements. After being entered here, this field will automatically populate on the other worksheets.

Note: If the workbook is being used to develop single maximum allowable expenditure level for state and federal reimbursement for multiple facilities, type "Multiple" and the Certificate of Compliance number of one of the facilities in the "Certificate of Compliance" field (e.g., Multiple 456789). List all the facilities on the "Schedule of Facilities for Multiple Submission" schedule at the bottom of the worksheet.

2. **Unit ID:** If a facility operates multiple programs within the same certified facility with different costs/expenses, the provider must assign a unique identifier for

each calculated program. The unit identifier should be the same for each county contracting for the service. Enter only values (AA-ZZ) in this field.

3. **Total Number of Licensed Beds:** Enter the number of licensed beds listed on the facility's Certificate of Compliance.
4. **Legal Entity Name as per Certificate of Compliance:** Enter the legal entity name as it is listed on the Certificate of Compliance issued by DHS. If the residential service provider does not have a license from OCYF, enter the legal entity name listed on the Certificate of Compliance and identify the issuing licensing office in parenthesis (i.e., "Office of Developmental Programs (ODP)").
5. **Unit Name:** Enter the unit name commonly used for the program, if applicable.
6. **Facility Name:** Enter the facility name listed on the Certificate of Compliance license. This entry will automatically populate fields on other worksheets.
7. **Facility Street Address:** Enter the geographic location of the facility.
8. **Facility City, State, and Zip:** Enter the city, state, and zip code of the geographic location of the facility.
9. **Type of Service:** Select the type of service being provided by the facility/unit for which expenses are reported from the dropdown list. The dropdown menu appears when the arrow to the right of the field is selected.

Facility City:	STATE:	ZIP:
Type of Service (select from menu):		
Parent Organization Name:		
Parent Organization Street Address:		
Parent Organization City:		

RESIDENTIAL SERVICES - COMMUNITY BASED (3800)
 RESIDENTIAL SERVICES - INSTITUTIONAL BASED (3800)
 TRANSITIONAL LIVING (3800)
 OUTDOOR PROGRAM (3800)
 MOBILE PROGRAM (3800)
 SECURE CARE (2000)
 SECURE DETENTION (3800)
 COMMUNITY HOME SERVICES AGENCY (1400)

B. Organization Information (Single or Multiple Facilities)

1. **Organization Name:** Enter the name of the administrative agency that oversees the contracts executed with CCYAs and JPOs. This entry will automatically populate fields on other worksheets.
2. **Organization Street Address:** Enter the mailing address of the organization for which the report is being prepared.
3. **Organization City, State, and Zip:** Enter the city, state, and zip code of the mailing address of the organization.



4. **Federal ID#:** Enter the Federal Identification/Tax Identification number of the organization. This entry will automatically populate fields on other worksheets.
5. **CEO/President:** Enter the first and last name of the CEO/President of the organization.
6. **Position/Title:** Enter the full position title of the CEO/President.
7. **Phone Number:** Enter the business telephone number of the CEO/President.
8. **Email Address:** Enter the business email address of the CEO/President.
9. **Submission Date:** Enter the date that the submission(s) will be electronically submitted.
10. **Submission Number:** Enter the number of times the contract documentation has been submitted for review (i.e., 1, 2, 3, etc.).

C. Contact Information

1. **Contact Person Name:** Enter the first and last name of the individual responsible for completing and submitting the budget documentation.
2. **Title:** Enter the position title of the individual responsible for completing and submitting the budget documentation.
3. **Street Address:** Enter the business address for the individual responsible for completing and submitting the budget documentation.
4. **City, State, and Zip:** Enter the city, state, and zip code of the mailing address of the person who is responsible for completing and submitting the budget documentation.
5. **Phone Number:** Enter the business telephone number for the individual responsible for completing and submitting the budget documentation.
6. **Fax Number:** Enter the business fax number for the individual responsible for completing and submitting the budget documentation.
7. **Email Address:** Enter the business email address for the individual responsible for completing and submitting the budget documentation.

Note: If there is an alternate contact, copy the above fields, paste the fields on a new sheet in this workbook, complete the required fields, and name it Cover Page 2.

D. Certification Statement

Review the Certification Statement and provide the attestation.

1. **Print Name:** Enter the first and last name of the individual responsible for certifying the budget documentation.
2. **Title:** Enter the position title of the individual responsible for certifying the budget documentation.
3. **Date:** Enter the date that the certification statement has been read and signed.

Note: For every resubmission, read the certification statement and enter the date of the resubmission. This will assist the reviewer in keeping track of the most recent information submitted.

E. Contact Information of OCYF Reviewer *(For OCYF Reviewers Only)*

1. **Name:** Enter the name of the reviewer.
2. **Phone Number:** Enter the phone number of the reviewer named above.
3. **Email Address:** Enter the email address of the reviewer named above.

F. Schedule of Facilities for Multiple Submission (Only complete if a "Multiple" submission)

1. **Certification(s):** Enter the Certificate of Compliance number(s) that will be combined in the budget documentation. Once all Certificate of Compliance numbers are entered, the total number of certifications will automatically calculate at the top of this section.
2. **Unit ID:** Enter the Unit ID (AA-ZZ) assigned to the Certificate of Compliance numbers that will be combined on the budget documentation. Use the same Unit ID for each Certificate of Compliance listed.
3. **Number of Certified Beds:** Enter the number of beds that each Certificate of Compliance and Unit ID will be utilizing. The "Combined Certified Number of Beds" at the top of the column will calculate based on the entries made in this column.
4. **Facility Name:** Enter the facility name listed on the Certificate of Compliance.
5. **Facility Street Address:** Enter the street address of the facility.

6. **Facility City, State, and Zip:** Enter the city, state, and zip code of the geographic location of the facility.

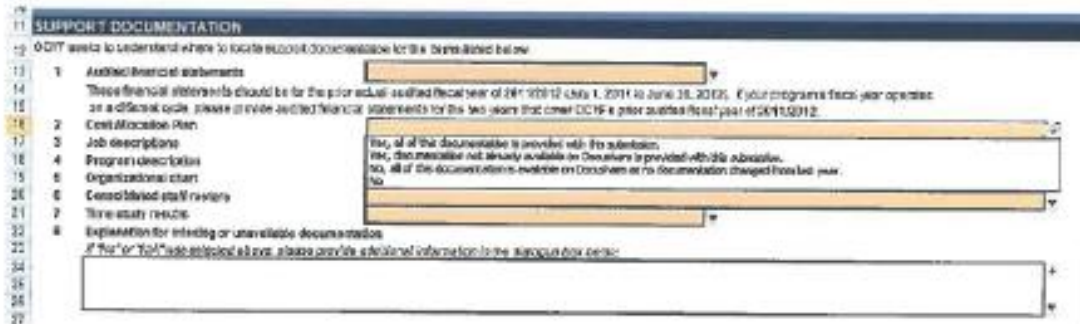
Note: If completing the subsequent tabs in the workbook for multiple Certificate of Compliance numbers, report the aggregate expenses. One workbook should display the expenses for all included Certificate of Compliance numbers.

REQUIRED INFORMATION

This worksheet addresses three major elements of the review process. Each section contains a series of questions designed to assist the provider and reviewer in understanding and providing responses and compiling the support documentation needed for the review process.

A. Support Documentation

This section serves as a checklist to identify and locate the support documentation for the review. Select the response to each of the first seven questions by using the drop-down menus; click in the shaded area to activate the drop-down arrows.



SUPPORT DOCUMENTATION

OCDF needs to understand where to locate support documentation for the items listed below.

1	Audited financial statements	<input type="text"/>
2	Cost Allocation Plan	<input type="text"/>
3	Job descriptions	<input type="text"/>
4	Program descriptions	<input type="text"/>
5	Organizational chart	<input type="text"/>
6	Consolidated payroll reviews	<input type="text"/>
7	Time study results	<input type="text"/>

8. Explanation for missing or unavailable documentation
If the "No" or "Not Available" option is selected above, please provide additional information to the auditor/center:

- 1. Audited Financial Statements** - Use the drop-down menu to select whether the most recent audited financial statements have been submitted, as required for contracting with a county agency.
- 2. Cost Allocation Plan** - A Cost Allocation Plan (CAP) with the supporting documentation (i.e. time study methodology, packet specific example of methodology, explanation of the scientific quantification methodology, results, time allocation between job duties, time allocation between allowable and unallowable activity, time allocation between programs/sites, etc.) is necessary for the review to support the determination of allowable expenditures. Use the drop-down menu to indicate whether the CAP is being submitted with the SFY budget documentation or where the CAP can be found for review.
- 3. Job Description(s)** - Job descriptions are required for all positions listed on *Tab I. Res Fac Staff Roster*. Use the drop-down menu selections to confirm and identify where all the job descriptions can be located.

4. **Program Description(s)** - Use the drop-down menu selections to confirm and identify where the program description(s) can be located.
5. **Organizational Chart** - An organizational chart which includes all the job titles/positions listed on *Tab I. Res Fac Staff Roster* and illustrates the organizational relationships is required. Use the drop-down selections to confirm and identify where the organizational chart(s) can be located.
6. **Consolidated Staff Rosters** - For agencies with staff who work across multiple programs, a consolidated staff roster may be required. Use the drop-down selections to indicate whether a consolidated staff roster has been submitted.
7. **Time Study Results** - If applicable to the agency (see Attachment 4 for time study guidance), use the drop-down selections to indicate whether time study results have been submitted.
8. **Missing or unavailable documentation** – If “No” or “N/A” was selected for any of the support documentation questions, provide additional information in the dialogue box below.

B. Title IV-E and Act 148 Allowability

Information requested in this section identifies how each provider identifies and determines allowable and unallowable federal Title IV-E and/or state Act 148 expenses. Clearly describe the method(s) and include an example of the calculation(s) used to determine allowable and unallowable federal Title IV-E and/or state Act 148 activities. Additional details may be necessary for clarification.

1. **Program Description** – Providers are requested to review their program description (prior to submission) to identify any unallowable and/or seemingly unallowable time, job duties and/or activities. Use the dialog box to describe the identified unallowable and/or seemingly unallowable time, job duties and/or activities and indicate where additional information can be found.
2. **Job Description** - Providers are requested to review their Job Descriptions (prior to submission) used for each job title/position listed on the Staff Roster(s). For staff who provide services that are unallowable/non-applicable for federal Title IV-E and/or state Act 148 participation, use the drop-down menu to select the methodology used to quantify the unallowable/non-applicable activities performed. Identify and address any unallowable and/or seemingly unallowable activities performed and use the dialogue box to enter the calculation(s), with an example, used to allocate personnel into different job categories. Identify where additional documentation can be found to support the methodology.



- 3. Recreation** - Recreation costs are typically unallowable for federal Title IV-E reimbursement; however, personal care incidentals are allowable as a foster care maintenance payment. The reasonable and occasional cost of items, such as tickets or other admission fees for sporting, entertainment or cultural events or dues for clubs are considered personal incidental expenses. The costs of staff necessary to provide supervision to ensure the well-being and safety of children on, or off, campus is allowable even if the event has recreational components. The costs of staff merely accompanying the children, not necessary for their supervision, are not allowable. If including costs related to recreation in this budget documentation, use the dialogue box provided to identify and clearly describe what those costs include and whether those costs are allowable for federal Title IV-E reimbursement based on the information provided above.

C. Method of Allocation

This section is designed to collect information regarding how personnel and operating costs are allocated to, within, and across program(s). Select a response from each drop-down menu and provide the description(s) with data and calculation(s) in the space provided. If the dialogue box does not provide sufficient space, or information is located elsewhere, use the dialogue box to identify where (i.e. file name, tab, etc) the information is located to support the allocation method(s).

- 1. Question 12: How do you allocate staff salaries to this program?** – Describe how staff salaries are allocated to this program. Use the drop-down menu to select the response that best fits the methodology. In the dialogue box, provide the calculation and a packet specific example(s) to support the methodology. If the dialogue box does not provide sufficient space, or the information is located elsewhere, use the dialogue box to identify where the information is located that supports the allocation method(s).
- 2. Question 13: How do you allocate direct operating costs to this program?** – Describe how direct facility/operational costs are allocated to this program. Use the drop-down menu to select the responses that best fits the methodology. In the dialogue box, provide the calculation and a packet specific example(s) to support the methodology. If the dialogue box does not provide sufficient space, or the information is located elsewhere, use the dialogue box to identify where the OCYF reviewer can locate the information is located that supports the allocation method(s).
- 3. Question 14: Have you identified costs associated with any of the following?** - Use the drop-down menu to select whether any of the expenditures in the workbook are associated with any of the three (3) cost items listed. If the response is “Yes” to any of the cost items, use the dialogue box to provide additional detailed information. For example, if there are expenditures included related to the “Transportation/Travel”, use the dialogue box to identify what is

included in those costs; e.g. transportation costs for staff to attend administrative case/judicial reviews.

4. **Question 15: Specific Items of Cost** – There are five items of costs often found in budget documentation which may be only be allowable under certain circumstances and others which are unallowable for federal and/or state reimbursement. Use the drop-down menu to select the response that best fits the expenditure(s). If there are any unallowable costs listed, use the dialogue box to identify those costs. If the dialogue box does not provide sufficient space or the information is located elsewhere, identify where the information is located.
5. **Question 16: Have you added any line items to Sheet III. Residential Facility Expenditures?** - If additional items of cost were added (professional fees, management costs, etc), use the dialogue box to clearly identify the line item(s). For example, if a professional fees line item for \$40,000 was added, use the dialogue box to describe the specific costs listed; e.g. \$20,000 payroll fees, \$10,000 auditing costs, \$10,000 psychologist retainer fee. This level of detail will substantiate the determination of costs allowable for federal Title IV-E and/or state Act 148 reimbursement.
6. **Question 17: Does your program have an educational or MH/ID component?** – Describe whether the program being reviewed includes an education and/or Mental Health/Intellectual Disability (MH/ID) component and if so, whether those costs are included in this budget documentation. Use the drop-down menu to select the response.

Note: If there are costs included in the budget documentation related to basic education and/or MH/ID services, include offsetting revenue for all costs (both personnel and facility/operational) on *Tab III. Res Fac Expenses*.

7. **Question 18: If your program expenses have increased or decreased from the prior actual audited year to the projected year, explain the reason(s) for the variation(s) in the box below.** - If the program expenses (both personnel and facility/operational) have increased or decreased from the prior actual audited year to the projected budget year, use the dialogue box to explain the reason for the variances. For example, if the Case Manger Full Time Equivalency (FTE) increased from the previous actual audited year to the projected budget year due to an increase in children served, provide that reasoning in the dialogue box. If the dialogue box does not provide sufficient space or the information is located elsewhere, use the dialogue box to identify where the information can be located.

I. RESIDENTIAL FACILITY STAFF ROSTER (RES FAC STAFF ROSTER)

The residential service provider should list all projected employees, indicate whether the employee is full-time or part-time, the number of weeks worked, total annual salary, the amount of the salary allocated to the site, and the amount of salary by job category. The amounts listed should be the projected budget amounts. The full-time equivalent (FTE) column will populate based on the data entered.

The identifying information located in the heading of each page should automatically populate based on proper completion of the *Cover Page*.

A. Residential Facility Staff Roster

- 1. Staff Identification** - Enter the name or a predetermined unique identification of each employee that is anticipated to work at the facility during the upcoming year. If using a unique identifier in substitute of the employee name, ensure that the unique identification assigned to each employee can be tracked back to a specific staff member for audit purposes. (Example: "John Smith" or employee number "321", etc.)
- 2. Position/Title** - Enter the position/job title of the occupation that the employee is designated to perform in the course of their routine job duties.
- 3. Full-Time or Part-Time** - Enter 100% if the employee listed will be a full-time employee for the agency. If the employee will be a part-time employee, enter the percentage of time the employee will be working for the agency.

NOTE: DO NOT use check marks; write in the words such as "yes" or "no" or put an "X" in the cells under the categories.

- 4. Weeks worked during the year** – List the number of weeks projected to be worked by the employee. If an employee will work an entire year, list "52" in this column. If an employee will work **less than** the entire year, list the number of weeks the employee will work (i.e., the employee works exactly half a year, 26 weeks, the service provider would enter "26" in this column). A formula is built into the worksheet to adjust the FTE count to accurately reflect the FTE count needed to operate the facility/unit.
- 5. Total Annual Salary Paid** - List the employee's total annual salary/wage budgeted for the year. The total salary listed in this column should include salary costs for all job functions performed by the employee at the agency for the entire year.

Note: When completing this form, compensation for on-call duties as well as over-time paid to the employee should be included. DO NOT add a single line item identified as "Over-Time" with the cost of over-time for all employee's that

work at the facility/unit. Documenting compensation for on-call duties as well as over-time paid to the employees can be done in two different ways:

- Include all compensation on a single line which would include the employees' total annual salary as well as compensation for on-call duties and overtime. In this method, adjust the percentage of time (FT/PT) to reflect the additional compensation. A full-time employee would be listed as greater than 100% in this situation; or
- Create a second line for the additional compensation for the individual employee. The employee's identifying information may be displayed as "Joe Smith" or "Employee 654321" for the first line assigned to that employee along with all the necessary information to complete the sheet. The second line for the same employee that is reflective of the additional compensation may be "Joe Smith OT" or "Employee 654321 OT." In this method, the second line for the same employee would still need to reflect the percentage of time associated with the additional compensation. This situation would not produce an employee whose percentage of time is greater than 100%.

6. **Percentage of Total Salary Allocation to this Facility** - Enter the percentage of the employee's total salary allocated to this site. For staff who work solely in this program, their allocation is 100%. For staff who work across multiple programs, enter the percentage of time that is allocated to this program. For example, if a full-time employee works equal time between four (4) different programs, the employee's salary is allocated at 25% for each program. List the allocation percentage number rounded to two decimal places.

An employee's salary must be separated into the below job categories. When totaled, the amounts included in each of the six (6) job categories should equal the employee's salary allocated to the program.

If an employee allocates his/her time among more than one **facility** or **job category**, an explanation of how the employee's time is divided should be included in the facility's method of allocation response to Question #12 on the *Required Information* tab.

NOTE: In the rare circumstance an employee's time is allocated between provider facilities and general administrative activities related only to the main organization, allocate only the portion of his/her time dedicated to each location/activity. For example: A clinical director works at one program 50% of the time providing treatment-related services and at the organization's main office 50% of the time planning how all programs provide treatment. Record 50% of his/her time at the program where he/she provides treatment related services and record the other 50% of his/her planning related time on the IAE_19-20 Template workbook staff roster.



7. **Daily Supervision** - List the portion of the position's salary that is associated with related federal Title IV-E and state Act 148 daily supervision activities.
8. **Case Management** – List the portion of the position's salary that is associated with related allowable federal Title IV-E and state Act 148 case management activities.
9. **Manage or Supervisor Staff** – List the portion of the position's salary that is associated with managing or supervising the federal Title IV-E and state Act 148 allowable activities.
10. **Support Staff** – List the portion of the position's salary that is associated with supporting the federal Title IV-E and state Act 148 allowable activities.
11. **Clinical/Treatment/Social Services and Medical Services** – List the portion of the position's salary that is associated with the federal Title IV-E unallowable activities of "Clinical/Treatment/Medical and/or Social Services". This includes any position's salary that is providing oversight (Manager/Supervisor) and/or support (admin assistant/clerical) to a staff member performing these activities.
12. **MH/ID Services and Education Services** – List the portion of the position's salary that is associated with MH/ID and/or Educational Services which are unallowable for state Act 148 reimbursement.

NOTE: If an employee splits his/her time among more than one **facility or job category**, an explanation of how the employee's time is divided should be included in the facility's staff allocation plan on the *Required Information tab*.

13. **Staff Salary Allocated to this Site** - The employee's total salary/wages that should be charged to the facility will automatically calculate. This amount should **not** be equal to the employee's total salary if a portion of the employee's salary is allocated elsewhere.
14. **Error Message** - A red error message stating, "Categorical totals do not equal totals allocated to this facility" will appear if the sum of the salary amounts listed each job category do not match with the FTE amount allocated to the facility/unit.
15. **TOTALS** - The totals for each of the following columns should appear in the green cells directly above them: "Total Annual Salary Paid", "Job Categories" and "Total Salary/Wages Allocated to the Facility".

NOTE: The totals of each job category (Daily Supervision, Case Management, Managers or Supervise Staff, Support Staff, Clinical/Treatment/Medical/Social Services and MH/ID or Education Services) on *Tab I. Res Fac Staff Roster* should agree with the job category subtotals in the "Projected Budget" column on *Tab II. Res Fac Staff Proj.*

NOTE: If the provider is completing this workbook for multiple facilities in which the same costs exist for several Certificate of Compliance numbers, then *Tab I. Res Fac Staff Roster* should include all staff that work at the facilities under the Certificate of Compliance numbers reported on the *Cover Page*.

Inserting Additional Rows

To insert additional rows, select the appropriate macro, titled "To add 1 additional line, please click on this Button" or "To add 10 additional lines, please click on this Button." It is critical that the macro is utilized to add rows so that the "TOTALS" above the columns include the costs reported in the newly added rows.

II. RESIDENTIAL FACILITY STAFF PROJECTION (RES FAC STAFF PROJ)

This worksheet summarizes staff costs categorized by job classification. The worksheet is designed to report staff costs for two SFYs. The total FTE count on this worksheet should reflect the number of staff necessary to operate the facility/unit. Provide as much detail as possible when explaining any significant changes in staff time, FTE counts and/or personnel costs on the *Required Information* tab.

- 1. Position Titles** – Enter the agency specific position titles that most appropriately describe the job function for that group of employees in each of the five job categories: Daily Supervision; Case Management; Managing/Supervising Staff; Support Staff; Clinical/Treatment/Medical/Social Services; and MH/ID or Education Services. Use these position/job titles to report salary costs and FTE counts. List the position title one time for each unique position title. If employees who hold the same position AND have identical job duties, list the position title once with the corresponding FTE count. If the position title is held by multiple employees, but each employee has different job duties, separate these as a new entry and enter the applicable heading. Example: Under the "Clinical/Treatment/Medical/Social Services" heading, the following position/job titles may be reported: Medical Assistant, Physician, Clinical Counselor, etc.

NOTE: To insert a line in one of the job categories, select a blank row by right clicking the row number underneath the job category heading; select "Insert". Following these instructions will assure that the inserted row will include the formulas from the existing rows.

- 2. Prior Actual Audited SFY/Projected Budget SFY** - Enter the total amount of salary and wages for each of the job categories listed on the form in their respective columns for each budget year.

NOTE: The total amount for each job category in the "Projected Budget" column should equal the total amount from the same categories listed on *Tab I. Res Fac Staff Roster*.



- FTE** - List the total FTE count for each job title/position for each SFY. This is for the intended number of employees versus the actual number employed to account for vacancies. FTE is calculated by adding the number of full-time staff to the percentage of all part-time staff. Entries can be rounded to two (2) decimal places.

Example One: If a work year is defined as 2080 hours, one staff member that is employed full-time for the entire year is FTE = 1.0. Two employees working 1040 hours each, FTE = $0.5 \times 2 = 1.0$.

Example Two: 2 full-time staff ($1.0 + 1.0 = 2.0$) and 3 part-time staff (1 at 75%, 1 at 50% and 1 at 10%). FTE would equal $2.0 + 0.75 + 0.50 + 0.10$ or 3.35 FTE.

- Subtotal (within each job category)** – The total salary within each job category for the Projected Budget SFY populates from *Tab I. Res Fac Staff Roster*.

The sum of all the position/job titles within the job category should equal the amount that is pre-populated (in the green shaded cell) in the total for the specific job category.

NOTE: If the sum of all position/job titles within the specific job category does not equal the pre-populated "Total" line in the "Projected Budget SFY" column, an error message stating, "Sum of the allocated salaries does not equal the sum of [job category]", will appear in the cell underneath the pre-populated "Total" line.

- Totals of All Staff** - Totals will automatically populate for each column.

NOTE: The totals of each job category for the Projected Budget SFY should be the same as the "Total" for each of the job categories listed on *Tab I. Res Fac Staff Roster*.

NOTE: If completing this workbook for multiple facilities in which the same costs will be charged for several Certificate of Compliance numbers, then this worksheet should include all staff that work at the facilities under the Certificate of Compliance numbers that are reported on the *Cover Page*.

III. RESIDENTIAL FACILITY EXPENDITURES (RES FAC EXPENDITURES)

This worksheet summarizes all the facility and direct care expenses. When completed, expenditures for two budget SFYs, Prior Actual Audited SFY and Projected Budget SFY, will be reported.

Objects of Expense

For each "Object of Expense" line item listed, enter the expense incurred in the Prior Actual Audited SFY and projected expense in the Projected Budget SFY.

If an expense item does not fit one of the defined line items, list the cost separately under "Other" in terms that clearly describe the expenditure. **Do not group different types of expenditures together and identify as "Miscellaneous".**

1. **Personnel Expense** - The total of each job category (Daily Supervision; Case Management; Manage or Supervise Staff; Support Staff; Clinical/Treatment/Social Services and Medical Services; and MH/ID Services or Education Services) should populate in the "Personnel Expense" section of this form. The total amount of prior actual audited and projected budgeted year salary and wages should appear in the appropriate line for each category of staff in the respective columns for each fiscal period.

NOTE: These job categories should include all wages and salaries, over-time and on-call time for staff positions at this site.

- A. **Daily Supervision Staff** - Personnel who are primarily responsible for general oversight and daily supervision of the children in child care institutions. Examples may include, but are not limited to: Direct Care Workers, Youth Care Workers and Residential Staff Workers.
- B. **Case Management Staff** - Staff that recruit, approve, oversee, monitor, and certify foster family homes. Include staff who are responsible for the following: administrative time arranging for the services and monitoring the implementation of the family service plans of children in placement; assuring services are provided as required by the plan; and scheduling and conducting reviews of children in placement. Excludes the participation in social service delivery or providing a social service directly to the client and/or families of the client.
- C. **Manage/Supervise Staff** - Staff that supervise other staff and ensure quality standards are met. Examples may include, but are not limited to, program supervisors and clerical supervisors.
- D. **Support Staff** - Staff required to maintain the day-to-day, general functioning of the local provider office. Staff whose activities may include, but are not limited to, bookkeeping, data processing, auditing, janitorial, and clerical to the extent that these costs are not considered direct service/case management activities.
- E. **Clinical/Treatment/ /Social Service/Medical Staff** - Staff that provide children and their families with counseling or treatment to ameliorate or remedy the personal, medical, mental health, and drug and alcohol problems resulting in the child's placement. Staff who participate in social service delivery or provide a social service directly to the client.



F. MH/ID and Education Services Staff – Staff who participate in MH/ID service delivery or provide MH/ID services directly to the client and/or families of the client. Staff who participate in academic educational service delivery or provide academic educational, teaching and instructional services directly to the client.

G. Employee Benefits - Enter the total amount of benefits paid by the employer on behalf of the above staff in each column. Benefits may include but are not limited to the costs of employer paid payroll taxes on the behalf of the employee, employee insurance, pension, and unemployment benefit plans. Use the "Explanation of Costs" section to describe what is included in the line item.

H. Staff Training - Include the cost of staff training in both columns. Costs should include any training that will increase the ability or enhance the performance of staff members to provide support and assistance to children in the facility settings. This includes:

- Short-term staff training.¹
- Training expenses may also include:
 1. travel, per diem, tuition, books and registration fees for trainees;
 2. salaries, fringe benefits, travel and per diem for staff development personnel assigned to training;
 3. salaries, fringe benefits, travel and per diem for experts outside the agency engaged to develop or conduct training programs; and
 4. cost of space, postage, training supplies, and purchase or development of training material.
- Unallowable costs for trainees under this provision include salaries and fringe benefits.²

Use the "Explanation of Costs" section to describe what is included in the line item.

I. Total Personnel Expenses - The total for each column, by budget year, should appear in the "Total Personnel Expenses" line of each column.

2. Facility/Operational Expenses - Report all expenditures, using the descriptions below, for the agency in the applicable line items listed on the form. For the

¹ Under 42 U.S.C. § 674(a)(3)(B) short term training also includes members of the staff of abuse and neglect courts or other court-appointed special advocates representing children in the proceedings of such courts in ways that increase their ability to provide support and assistance to title IV-E eligible children.

http://www.ssa.gov/OP_Home/ssact/title04/0474.htm

² Child Welfare Policy Manual, page 48.

https://www.acf.hhs.gov/cwpm/public_html/programs/cb/laws_policies/laws/cwpm/policy.jsp?idFlag=8
42 U.S.C. § 674(a)(3)(A) and (B), 45 CFR §§ 235.63-235.66(a), 1356.60 (b) and (c).



Projected Budget SFY, explain what is included in the "Explanation of Costs" section for each line item.

- A. Facility (Rent/Depreciation)** - Fair market cost of renting, leasing or depreciating the space that is being used to provide the day-to-day supervision of children in residential care facilities.
- B. Maintenance** - The upkeep of the grounds which includes necessary maintenance, normal repairs and alterations required to keep the property in an efficient, operating condition.
- C. Building Utilities** - Costs of all utilities for the building used in the administration or operation to provide for the daily operation and functioning. Examples of these costs include but are not limited to: heat, electricity, water, sewer services, and trash removal.
- D. Communication** - Costs incurred for telephone services, local and long-distance telephone calls, messenger, electronic or computer transmittal services and internet service.
- E. Office Supplies** - Cost of supplies necessary for general operation of administrative duties. Examples of these costs include but are not limited to: general office supplies, ink/toner and calculators.
- F. Staff Transportation/Travel** - This includes the cost incurred for business related travel by employees who are traveling on the day-to-day official business of the agency. Examples of these costs include but are not limited to: Gasoline, mileage, hotel costs, meals, tolls, parking, and vehicle rentals. This also includes the costs of a worker or a volunteer transporting a child to various appointments, such as medical or counseling, or to court hearings and case reviews.³
- G. Vehicle Maintenance and Repair** - The operating and maintenance costs of the vehicles used for administration and operation of the agency. Examples of these costs include but are not limited to: Registration fees, gas, inspections, vehicle repairs, oil, and tires
- H. Postage and Shipping** - Cost of postage includes stamps, envelopes, shipping and handling.
- I. Printing and Publications** - The general costs of printing, publishing and press work associated with the ordinary function of the provider agency.

³ These transportation costs, regardless of who provides them, could reasonably be considered related to case management activities and necessary for the proper and efficient administration of the title IV-E State plan and therefore an allowable administrative cost under 45 CFR § 1356.60(c).



- J. Insurance** - The cost of property and casualty insurance premiums for the building and vehicles and the costs of liability insurance on behalf of the child. Also includes coverage of damages by a child to the provider's property and harm done by a child to another party.
- K. Equipment and Furniture (Depreciation)** – The depreciation of furniture and equipment not affixed to the building. Examples include, but are not limited to, mattresses, dressers, blankets, bedding and towels.
- L. Association Dues/License Fees** - The cost of any fees required to operate the facility.
- M. Recruitment of Staff** - Costs incurred by activities such as help-wanted advertising, promotional and public relations related to obtaining staff.
- N. Advertising** - Costs incurred by activities such as promotional and public relations unrelated to obtaining staff. According to 2 CFR § 200.421, advertising expenses means “the costs of advertising media and corollary administrative costs. Advertising media include magazines, newspapers, radio and television, direct mail, exhibits, electronic or computer transmittals, and the like.” Reference this guidance to ensure proper categorization of this expense and explain it on the *Required Information* tab.
- O. Bank Fees** – Bank fees associated with the program's operations for normal business costs are allowable. However, surcharges incurred for late payments of loans are unallowable for federal and state participation.
- P. Interest** - Interest paid for funds borrowed from a lending institution in the case where funds are borrowed to meet the cash flow requirements of ongoing programs are considered allowable for both federal and state reimbursement. Interest on borrowed capital, temporary use of endowment funds, or the use of the non-profit organization's own funds, however represented, are unallowable for federal reimbursement. There are narrow exceptions that make interest expense allowable for federal reimbursement. Reference 2 CFR § 200.449 to ensure proper categorization of this expense and explain it on the *Required Information* tab.
- Q. Other** - Report any expenses that do not fit into the expense categories already listed on the worksheet. The range of what may be included varies greatly and must be described in the *Required Information* tab. Refer to 2 CFR Part 200 to ensure only the allowable portion of the cost is listed on the form. For-profit companies may add a line item identified as “Profit”.

- R. Total Facility/Operational Expenses** - The total of each column by budget year for the facility and operational expenses automatically populates in the "Total Facility/Operational Expenses" line of each column.
- 3. Direct Care Expenses** - Report all direct care expenditures for children placed in the facility within the line items listed. For the Projected Budget FY, describe what is included in each line item in the Explanation of Costs section.
- S. Food/Meals** - Payments to cover the cost of food for children in child care institutions. This includes equipment and supplies associated with planning meals and the cost of planned meals away from the residence.
- T. Clothing** - The cost of clothing for the child's personal wardrobe; includes initial and replacement clothing. List expenses incurred in the upkeep of children's clothing, including staff time and supplies on-grounds and services provided off-grounds, such as: repair, mending, dry cleaning, alterations, etc.
- U. Personal Care/Incidentals** - Items purchased on an occasional, as-needed basis for children in child care institutions. Examples of these items include, but are not limited to:
- Personal hygiene products including cosmetics;
 - Special dietary needs;
 - Infant and toddler supplies such as diapers or a high chair;
 - Fees related to activities (e.g., Boy Scouts, graduation fees);
 - Miscellaneous items (e.g., stamps, envelopes, over the counter medications); and
 - Special lessons, including horseback riding.
- This also includes the reasonable and occasional costs of items (e.g., tickets or admission fees for sporting events, dues for clubs, entertainment or cultural events).
- V. Transportation of Children** - The cost of travel as related to a child's daily supervision, the reasonable cost of travel for a child to visit their siblings, relatives and/or caretakers and reasonable travel for the child to remain in the school in which the child is enrolled at the time of placement.
- W. School Supplies** - Reasonable costs of school supplies which includes, but not limited to, pens, pencils, markers, paper, notebooks, class dues, calculator, books and bags.
- X. Recreational** - Recreational activities can be activities that clearly substitute for otherwise necessary daily supervision for children in child care institutions.

- Y. Other** – List any expenditures necessary for the day-to-day operations of the facility that do not meet any above line item definitions. Provide a detailed explanation of the cost on the *Required Information* tab. If the line item is unclear, additional information supporting the line item expenditures may be necessary to evaluate if the expenditure is an allowable cost.
- 4. Total Direct Care Expenses** - The sum of all line items within the direct care expenses category for each column automatically calculates.
- 5. Subtotal** - This total automatically calculates by adding the "Total Personnel", "Total Facility/Operational" and "Total Direct Care Expenses" amounts.
- 6. Indirect Administrative Expenditures** – Enter the allocation of indirect administrative expenses as identified on *Tab IV. Master List of All Agency Programs* for this program on the Indirect Administrative Expense (IAE) Template. DO NOT enter the total agency indirect administrative expense found in the IAE_19-20_Template workbook on *Tab II. Indirect Administrative Expenditures*.
- 7. Offsetting Revenue** – Specify and individually list the source of any revenue(s) received to offset costs prior to the calculation of the per diem. Offsetting Revenue is revenue received from other sources, for those costs reported in the budget documentation; examples may include but are not limited to MA, MCO, grants, donations, fundraising, national school lunch program and the Department of Education. In addition, any costs included in the budget documentation related to MH/ID and/or Educational services should have a source of offsetting revenue listed. Assure that a proportionate share of revenue is allocated to the allowable Title IV-E portion of the per diem.
- A. Total Offsetting Revenue** - The total of all revenues reported in this category will automatically populate.
- NOTE:** Offsetting revenue should be included to offset the entire amount identified as Act 148 unallowable.
- 8. Total Direct Care Expense** – Automatically calculates the sum of "Daily Supervision" and "Total Direct Care Expenses" and a proportionate share of Manage/Supervision, Support Staff, Employee Benefits, Staff Training and Facility/Operational Expenses (except Administrative Facility (Rent/Depreciation). These calculations populate on *Tab IV. Res Fac Per Diem Calc*.

Note: If completing the packet for multiple facilities in which the same costs may be charged for several Certificate of Compliance numbers, this worksheet should

include expenditures for all the facilities under the Certificate of Compliance numbers listed on the *Cover Page*.

- 9. Total Personnel/Operating Expense** –Automatically calculates the sum of “Case Management”, “Clinical/Treatment/SS/Medical, MH/ID/ Education Salaries”, “Administrative Facility (Rent/Depreciation)” costs along with the proportionate share of Manage/Supervision, Support Staff, Employee Benefits, Staff Training and remaining Facility/Operational Expenses. This calculation will populate on *Tab IV. Res Fac Per Diem Calc.*

Percent (%) Change

This column automatically calculates the percent of change from prior actual audited SFY to the projected budget SFY. Use the narrative box in Question #18 on the *Required Information tab* to explain any significant variances from the prior actual audited SFY to projected budget SFY.

Explanation of Costs

The “Explanation of Costs” column requires information to be entered for every line item in which a cost is reported. This column helps providers and OCYF determine whether the projected budget costs are allowable/applicable or unallowable/non-applicable for federal Title IV-E and/or state Act 148 participation. In this column, describe what is included in each object of expense. For example, if the placement service provider expects to incur insurance expenses in the upcoming SFY, list the types of insurance (e.g., \$3,000 for General Liability Insurance, \$1,500 for Building Insurance for Facility and \$500 for Facility’s Car Insurance for One Vehicle).

IV. RESIDENTIAL FACILITY PER DIEM CALCULATION (RES FAC PER DIEM CALC)

This worksheet displays the facility’s operational and direct care expenditures. This worksheet provides the calculated per diem and “Final Adjusted Title IV-E Allowable” percentage of the per diem as well.

- 1. Total Personnel/Operational Expense (FFP Expenditures)** – This line automatically calculates from *Tab III. Res Fac Expenditures*.
- 2. Number of Licensed Beds** - Enter the number of licensed beds from the prior actual audited fiscal year in the “Prior Actual Audited” column. The “Number of Licensed Beds” will automatically populate in the “Projected Budget” column.

NOTE: If there is more than one unit under a Certificate of Compliance number, the total number of licensed beds for all units listed here should equal the number of licensed beds listed on the Certificate of Compliance.

Example: Certificate of Compliance Number 456789 is licensed for 15 beds. Five (5) beds are in Unit AA. Four (4) beds are in unit BB. Six (6) beds are in unit CC. Five (5) + four (4) + six (6) = 15 total licensed beds.

Providers may not interchange the number of beds between units throughout the fiscal year. If a provider wishes to change the number of beds assigned to a particular unit, revised packets should be submitted and reviewed.

Note: If this packet is for multiple facilities where the same costs exist for multiple Certificate of Compliance Numbers, the total number of licensed beds listed on this worksheet should equal the total of licensed beds on the Certificate of Compliance numbers listed on the *Cover Page*.

3. **Total Care Days/Units Provided** - Enter the total number of days of care/units provided by the facility for each SFY.
4. **Occupancy Rate** - The occupancy rate for the facility/unit will automatically populate based on the number of licensed beds and total days of care entered.
5. **Calculated Administrative Per Diem** - The per diem will automatically calculate based on the "Total Administrative Personnel/Operational Expenses" divided by "Total Care Days/Units" reported.
6. **The Title IV-E Allowable Administrative Percentage SFY 2019-20** – This will automatically populate in the "Official Use Only Column" by dividing "FINAL ADJUSTED Title IV-E Allowable SFY Calculated Administrative Per Diem" by the "Projected Budget SFY Calculated Administrative Per Diem".
7. **Total Direct Care Expense** – This line automatically populates the "Total Direct Care Expense" from *Tab III. Res Fac Expenditures*.
8. **Number of Licensed Beds** - The number of licensed beds will automatically populate based on the information reported above.
9. **Total Care Days/Units Provided** – The total number of days of care/units will automatically populate based on the information reported above.
10. **Occupancy Rate** - The occupancy rate for the facility/unit will automatically populate based on the number of licensed beds and total days of care entered.
11. **Calculated Maintenance Per Diem** - This amount automatically calculates based on the "Total Direct Care Expenses" divided by "Total Care Days/Units" reported.

12. The Title IV-E Allowable Maintenance Percentage SFY 2019-20 - This should automatically populate in the "Official Use Only Column" by dividing "FINAL ADJUSTED Title IV-E Allowable SFY Calculated Maintenance Per Diem" by the "Projected Budget SFY Calculated Maintenance Per Diem".

Attachment 3

Instructions for Completing the Indirect Administrative Expenditures Excel Template

INTRODUCTION

This workbook is designed to capture expenditures related to the parent organization that indirectly oversees the operation of the facility and has indirect management responsibilities of all programs. The workbook needs to be completed by any foster family and residential program that incurs indirect expenses which are not directly related to the individual program budget documentation.

For auditing purposes, The Department of Health and Human Services and the Office of Inspector General use 2 CFR Part 200, Appendix IV Section A.1 to define indirect costs. Indirect costs are those that have been incurred for common or joint objectives and cannot be readily identified with a final cost objective. Direct cost of minor amounts may be treated as indirect costs under the conditions described in 2 CFR § 200.413(d). After direct costs have been determined and assigned directly to awards or other work as appropriate, indirect costs are those remaining to be allocated to benefiting cost objectives. A cost may not be allocated to an award as an indirect cost if any other cost incurred for the same purpose, in like circumstances, has been assigned to an award as a direct cost. If applicable, the placement service provider must complete this workbook to provide the necessary details to support the indirect amounts allocated to the local placement service provider office.

OCYF uses the information in the workbook to determine the maximum allowable amount of indirect costs for federal Title IV-E and/or state Act 148 participation that are to be included in the FFH and RES budget documents.

INSTRUCTIONS

Below are the instructions associated with the ST_IAE_20 workbook that serves as the basis of the supporting documentation for a placement service provider's indirect administrative expenses.

The workbook includes six tabs to document the indirect administrative expenses for foster family home providers (FFH) and residential (RES) facility providers:

1. Cover Page
2. I. Indirect Administrative Staff Roster
3. II. Indirect Administrative Expenditures
4. III. Cost Allocation Plan Description
5. IV. Master List of All Agency Programs
6. Summary Rate Sheet

Note: Green-shaded cells indicate pre-populated totals/amounts.

The "Official Use Only" columns will be used by OCYF to establish the Title IV-E allowable costs for the projected budget year. This column does not reflect the amount paid to the placement service provider. The OCYF reviewer may use the Quality Assurance Review tool to record questions regarding each worksheet and receive responses from the placement service provider.

COVER PAGE

This worksheet is designed to obtain contact and programmatic information for organizations that oversee more than one placement service provider contract i.e., placement service providers with multiple programs and locations, provide services under multiple Certificates of Compliance Numbers and for placement service providers who are part of a larger organization.

Reimbursement Budget Documentation SFY: Placement service providers are asked to report information for the following fiscal years:

- Projected budget for the upcoming SFY; and
- Actual audited amounts for the previous SFY.

A. Organization Information (Single or Multiple Facilities)

1. **Organization Name:** Enter the name of the administrative agency that oversees the contracts executed with CCYAs and Juvenile Probation Offices (JPOs).
2. **Organization Street Address:** Enter the mailing address of the organization for which the report is being prepared.
3. **Organization City, State, and Zip:** Enter the city, state, and zip code of the mailing address of the organization.
4. **Federal ID#:** Enter the Federal Identification/Tax Identification number of the organization.



5. **Parent Organization Name:** Enter the business name of the administrative agency that indirectly oversees the placement service provider. If the placement service provider is part of an organization that has multiple levels of administrative oversight, an IAE workbook needs to be submitted for each level. For example, if the placement service provider has a national office, a regional office, and a local facility there are three levels of indirect costs; therefore, three IAE workbooks need to be completed.
6. **CEO/President Name:** Enter the first and last name of the CEO/President of the organization.
7. **Position/Title:** Enter the position title of the CEO/President.
8. **Phone Number:** Enter the business telephone number of the CEO/President.
9. **Email Address:** Enter the business email address of the CEO/President.
10. **Submission Date:** Enter the date that the submission(s) will be electronically submitted.
11. **Submission Number:** Enter the number of times the budget documentation has been submitted for review (i.e., 1, 2, 3, etc.).

Note: If there are multiple levels or tiers of the organization (such as a parent organization and/or branches that extend to international, national, state, local, etc), copy the above fields, paste on a new sheet within this workbook, and complete the required fields.

B. Contact Information

1. **Contact Person Name:** Enter the first and last name of the individual responsible for completing and submitting the budget documentation.
2. **Title:** Enter the position title of the individual responsible for completing and submitting the budget documentation.
3. **Street Address:** Enter the business address for individual responsible for completing and submitting the budget documentation.
4. **City, State, and Zip:** Enter the city, state, and zip code of the mailing address of the person who is responsible for completing and submitting the budget documentation.
5. **Phone Number:** Enter the business telephone number for the individual responsible for completing and submitting the budget documentation.



6. **Fax Number:** Enter the business fax number for the individual responsible for completing and submitting the budget documentation.
7. **Email Address:** Enter the business email address for the individual responsible for completing and submitting the budget documentation.

Note: If there is an alternate contact, please copy the above fields, paste the fields into a new sheet in this workbook, complete the required fields, and name it Cover Page 2.

C. Certification Statement

Review the Certification Statement and provide the attestation.

1. **Print Name:** Enter the first and last name of the individual responsible for certifying the budget documentation.
2. **Title:** Enter the position title of the individual responsible for certifying the budget documentation.
3. **Date:** Enter the date that the certification statement has been read and signed.

Note: For every resubmission, review the certification statement and enter the date of the resubmission. This will assist the reviewer in keeping track of the most recent information submitted.

D. Contact Information of OCYF Reviewer (For OCYF Reviewers only)

1. **Name:** Enter the name of the reviewer.
2. **Phone Number:** Enter the phone number of the reviewer named above.
3. **E-mail Address:** Enter the e-mail address of the reviewer named above.

I. INDIRECT ADMINISTRATIVE STAFF ROSTER (INDIRECT ADMIN ROSTER)

This report is designed to list the staff who are NOT considered direct services staff. When completed, this roster will list staff employed by the organization who indirectly participate in and oversee the operations in support of all programs within the agency (i.e.: Accountant, Director of Human Resources, Receptionist, etc). This worksheet will identify each staff member, their position title, their job category, and their salary. This report should reflect the positions and salaries for two (2) SFYs: Prior Actual Audited and Projected Budget. The total expenses reported in each job category on this sheet (Management/Admin Support Staff Salary and Clinical/ Treatment/Social Services/Medical/Educational/Unallowable Salary) should automatically populate the Personnel Expenses section of *Sheet II. Indirect Administrative Expenditures*.

Complete this form for the entire indirect administrative body or bodies for the placement service provider. If there is more than one level of indirect administration that charges an amount to the local placement service provider, complete this form for each level.

The identifying information located in the heading of each page should automatically populate using information entered on the *Cover Page*.

- 1. Staff Identification** - Enter the name/ID of each employee whose salaries/wages are considered indirect costs (i.e., the employees serve to benefit multiple programs). If not using staff names, construct a unique identification for each employee that works at the facility. If using a unique identification in substitute of the employee name, be sure that the unique identification assigned to each employee can be traced back to a specific staff member. (e.g., John Smith or employee number "321", etc.)

For newly created positions that do not yet have staff assigned to them for the projected budget year, enter the word *Vacant +Unique identifier (i.e. Vacant HR assistant 1)*.

- 2. Position/Title** - Enter the position or title of the job that the employee is designated to perform. The position/title reported should be consistent with the title reported on the positions job description as well on the agencies organization chart.
- 3. Management/Admin Support Staff Salary/Wage** - There are two (2) columns that separate employee positions into two (2) job categories: Enter the portion of the individual's salary in the appropriate category or categories for each corresponding fiscal year. This should include compensation for on-call duties, as well as over-time.
- 4. Clinical/Treatment/Social Services/Medical/Educational/Unallowable Salary/Wage** - There are two (2) columns that separate employee positions into two job categories: Enter the portion of the individual's salary in the appropriate category or categories for each corresponding fiscal year. This should include compensation for on-call duties and over-time. An example of a staff position that would be considered "unallowable" is a Development Director whose responsibilities include fundraising activities or a Clinical Director whose responsibility include oversight of clinical services.

If an employee splits his/her time among multiple job categories (Management/Admin Support and Clinical/Treatment/Social Services/Medical/Educational/Unallowable), be sure to put the salary/wage for each job category in each corresponding fiscal year. A quantifiable methodology

of how the employee's salary is allocated across job categories should be explained on *Tab III. Cost Allocation* form, question #9.

- 5. Total Salary/Wages** - The last column of each fiscal year is titled "Total Salary/Wages". This column automatically populates based on the information placed in the "Management/Admin Support Staff" and/or "Clinical/Treatment/Social Services/Medical/Education/Unallowable" staff row(s). The total should equal the employee's total salary/wages for each corresponding fiscal year.

If a position, such as a Director, is listed on the direct expense workbook (for example the Residential) make sure the salary is appropriately allocated between the two workbooks (IAE and RES). The total salary listed should be the sum of the portion listed in each workbook. The salary in each workbook should be only that portion of the salary that relates to that budget document. For example, if a Director performs direct service work in addition to administrative oversight the salary expense reported in the IAE workbook is only the amount that has been allocated to administrative oversight activities.

The totals for each column should appear in the cells directly below the category headings (Management/Admin Support Staff Salary/Wages, Clinical/Treatment/Social Services/Medical/Educational/Unallowable Salary/Wages and "Total Salary/Wages") for each SFY.

Inserting Additional Rows

To insert rows on the form for the purpose of adding additional staff, click on the button titled "To add 1 additional line, please click on this Button" or "To add 10 additional lines, please click on this Button."

Note: In the rare circumstance there is an employee whose time is allocated between foster family provider facilities and general administrative activities related only to the main organization, allocate the portion of his/her time dedicated to each location/activity. For example: A clinical director works at one program 50% of the time providing treatment-related services and at the organization's main office 50% of the time in planning how all programs provide treatment. Record 50% of his/her time at the program where he/she provides treatment related services (this staff roster), then record the other 50% of his/her planning related time on the IAE workbook staff roster.

II. INDIRECT ADMINISTRATIVE EXPENDITURES (INDIRECT ADMIN EXP)

This worksheet is designed to capture staff, administrative and operational expenses of the administrative agency that has indirect management responsibilities for the programs within the agency. Indirect costs are those costs that are incurred for a common or joint purpose and not readily assignable to any specific program or facility but benefit the program and are necessary to operation of the agency (i.e.: insurance,

office supplies, etc.). This form is intended to reflect the total indirect costs of the agency. For each "Objects of Expense" line item listed, enter the expenses incurred in the previous SFY under the Prior Actual Audited column and projected expenses in the upcoming SFY under the Projected Budget column.

Refer to 2 CFR Part 200 for specific detailed guidance on the allowability of certain objects of expense. Placement service providers that complete the A-133 audit may want to contact their auditors to confirm what was included as an allowable cost and/or omitted as an unallowable cost for their programs.

The Cost Allocation Plan (CAP) should provide the information that explains how all levels are distributed in a fair and equitable manner to the local placement service provider. The amount allocated to the local placement service provider should be identified clearly.

If there is more than one level of indirect administration, complete this form for each level.

The identifying information located in the heading of each page should automatically populate using information entered on the *Cover Page*.

Objects of Expense

This section is used to identify the cost to provide indirect administrative oversight of an agency providing foster family home, residential, group home and/or institutional services to children. The worksheet requires information for two (2) SFYs: the "Prior Actual Audited SFY" and the "Projected Budget SFY".

If an expense item does not fit one of the defined line items, list the cost separately under "Other" in terms that clearly describe the expenditure. Provide a detailed explanation of these costs on *Tab III. Cost Allocation*. **Do not group different types of expenditures together and identify as "Miscellaneous"**.

- 1. Personnel Expenses** - The total of each job category (Management/Admin Support Staff and Clinical/Treatment/Social Services/Medical/Educational/Unallowable Staff) should populate in the "Personnel Expenses" section of this form based on the information that was reported on *Tab I. Indirect Admin Roster*. The total amount of prior actual audited and projected budget salary and wages should appear in the appropriate line for each category of staff in the respective columns for each fiscal period.

A. Management/Admin Support Staff:

- **Management Support** personnel are those staff that benefit the provider agency as a whole and are not attributed to any specific service program. Examples include but are not limited to the following:

Chief Executive Officer, Chief Financial Officer, and Human Resources Director.

- **Admin Support Staff** - Personnel that aid the general operation and support of administrative staff in order to benefit the entire organization. Examples include but are not limited to the following: Executive Receptionist, Administrative Assistant, clerical staff, information technology staff, and mail room staff.

B. Clinical/Treatment/Social Services/Medical/Educational/Unallowable Staff:

Staff responsible for the oversight of employees and/or programs who provide counseling or treatment, medical, basic education, mental health, and/or drug or alcohol treatment. These personnel are considered unallowable for federal Title IV-E funding and potentially unallowable for state Act 148 funding based on the federal cost principles under 2 CFR Part 200 and 55 Pa. Code § 3140.21. Examples include, but are not limited to, the following: Director of Education, Director of Curriculum, Director of Nursing, and Medical Services Director, Clinical Manager, Registered Nurse. Other unallowable staff that may be included are those staff engaged in fundraising related efforts, lobbying, advertising/public relations activities not related to the performance of a federal award.

- C. Employee Benefits** - Enter the total amount of benefits paid by the employer (for the positions reported in this indirect administrative expenditure packet) in each column. Benefits may include but are not limited to the costs of employer paid payroll taxes on the behalf of the employee, employee insurance, pension, and unemployment benefit plans.

- D. Staff Training** - Include the cost of staff training (for the positions reported in this Indirect Administrative Expenditures packet) in each column. Costs should include those for staff trainings that increase the ability or enhance the performance of staff members.

- E. Total Personnel Expenses** - The total for each column, by budget year, should appear in the "Total Personnel Expenses" line of each column.

- 2. Operational Expenses** - Report all expenditures, using the descriptions below, for the agency in the applicable line items listed on the form. For the Projected Budget SFY, explain what is included in the "Explanation of Costs" section for each line item.

- A. Office Space (Rent/Depreciation)** - Fair market cost of renting, leasing or depreciating the space that is being used in the administration or operation of the administrative agency.



- B. Maintenance** - The upkeep of the grounds which includes necessary maintenance, normal repairs and alterations required to keep the property in an efficient, operating condition.
- C. Building Utilities** - Costs of all utilities for the building used in the administration or operation to provide for the daily operation and functioning. Examples of these costs include but are not limited to: heat, electricity, water, sewer services, and trash removal.
- D. Communication** - Costs incurred for telephone services, local and long-distance telephone calls, messenger, electronic or computer transmittal services and internet service.
- E. Office Supplies** - Cost of supplies necessary for general operation of administrative duties. Examples of these costs include but are not limited to: general office supplies, ink/toner and calculators.
- F. Transportation/Travel** - This includes the cost incurred for business related travel by employees who are traveling on official business of the administrative agency. Examples of these costs include but are not limited to: Gasoline, mileage, hotel costs, meals, tolls, parking, and vehicle rentals.
- G. Vehicle Maintenance and Repair** - The operating and maintenance costs of the vehicles used for administration and operation of the administrative agency. Examples of these costs include but are not limited to: Registration fees, gas, inspections, vehicle repairs, oil, and tires
- H. Postage and Shipping** - Cost of postage includes stamps, envelopes, shipping and handling.
- I. Printing and Publications** - The general costs of printing, publishing and press work associated with the ordinary function of the placement service provider agency.
- J. Insurance** - The cost of property and casualty insurance premiums incurred by the agency to protect staff, equipment, supplies, and other insurable items from loss by theft, fire, flood and the like. Examples of this would include but are not limited to auto, building and liability insurance.
- K. Equipment and Furniture (Depreciation)** – The depreciation of furniture and equipment that is essential to the operation of the organization. Examples include but are not limited to the following: Copiers, computers for administrative uses, software, desks, and chairs.



- L. Association Dues/License Fees** - The cost of any fees required to operate the administrative agency.
 - M. Recruitment of Staff** - Costs incurred by activities such as help-wanted advertising, promotional and public relations related to obtaining staff.
 - N. Advertising** - Costs incurred by activities such as promotional and public relations unrelated to obtaining staff. According to 2 CFR § 200.421, advertising expenses means "the costs of advertising media and corollary administrative costs. Advertising media include magazines, newspapers, radio and television, direct mail, exhibits, electronic or computer transmittals, and the like." Reference this guidance to ensure proper categorization of this expense and explain it on *Tab III. Cost Allocation*.
 - O. Auditing Expense** - The costs that occur as a result of financial or compliance audits performed on the administrative agency programs under their oversight.
 - P. Bank Fees** - The cost of bank fees associated with the program's administrative operations. Bank fees for normal business costs are allowable however, fees resulting from fines and penalties are considered unallowable under 2 CFR §§ 200.426 and/or 200.441. Reference this guidance to ensure proper categorization of this expense and explain it on *Tab III. Cost Allocation*.
 - Q. Interest** - Interest paid for funds borrowed from a lending institution in the case where funds are borrowed to meet the cash flow requirements of ongoing programs are considered allowable for federal Title IV-E and state Act 148 participation. In accordance with 2 CFR § 200.449, costs, including "interest on borrowed capital, temporary use of endowment funds, or the use of the non-profit organization's own funds, however represented," are unallowable for federal reimbursement. There are narrow exceptions that make interest expense allowable for federal reimbursement. Reference this guidance to ensure proper categorization of this expense and explain it on *Tab III. Cost Allocation*.
 - R. Other** – Report any expenses that do not fit into the expense categories already listed on the worksheet. Use the dialog box on *Tab III. Cost Allocation*, question #10, to identify and describe other expenses.
 - S. Total Operational Expenses** - The total of each column by budget year for the operational expenses automatically populates in the "Total Operational Expenses" line of each column.
- 3. Subtotal** – This total automatically calculates by adding the "Total Personnel Expenses" and the "Total Operational Expenses".

4. **Offsetting Revenue** - Specify any offsetting revenue(s) and report the amounts in the corresponding columns for each budget year. Offsetting Revenue is revenue received from other sources for costs reported in the budget documentation; examples may include, but are not limited to, Medicaid or Medical Assistance, Managed Care Organizations, grants, donations, fundraising, national school lunch program and the Department of Education. In addition, any costs included in the budget documentation related to Mental Health/Intellectual Disability and/or educational services should have a source of offsetting revenue listed.

NOTE: Offsetting revenue should be included to offset the entire amount identified as Act 148 unallowable.

- A. **Total Offsetting Revenue** - The total of all revenues reported in this category will automatically populate.

5. **Total Agency Indirect Administrative Expenses** - The "Total Offsetting Revenue" line for each column is subtracted from the "Personnel and Operational Expenses Subtotal" to determine the "Total Agency Indirect Administration Expenses".

Percent (%) Change

This column automatically calculates the percent of change from prior actual audited SFY to the projected budget SFY. Use the narrative box in question 16 on *Tab III. Cost Allocation* to explain any significant variances from the prior actual audited SFY to projected budget SFY.

Explanation of Costs

The "Explanation of Costs" column requests information to be entered for every line item in which a cost is reported. This column helps placement service providers and OCYF determine whether the projected budget costs are allowable/applicable or unallowable/non-applicable for federal Title IV-E and/or state Act 148 participation. In this column, describe what is included in each object of expense. For example, if the placement service provider expects to incur insurance expenses in the upcoming SFY, list the types of insurance (e.g., \$3,000 for General Liability Insurance, \$1,500 for Building Insurance for Facility and \$500 for Facility's Car Insurance for One Vehicle).

III. COST ALLOCATION PLAN DESCRIPTION (COST ALLOCATION)

This worksheet is designed to provide OCYF information about the organization's cost allocation methods. The CAP is vital in evaluating the fair and equitable distribution of direct and indirect expenses in total and how those expenses are determined to be allowable costs. **The total of agency wide indirect administrative expenses should**

be accounted for in the CAP. This information is essential in understanding how indirect costs are distributed. Submission of a complete CAP is required.

Budget documentation submitted with an incomplete CAP, may not be accepted by OCYF. Please note the following:

- A provider agency may attach an expansive CAP to provide additional detailed information;
- Although there may be more than one pre-contractual budget documentation workbook submitted for multiple programs, there is normally one IAE workbook and one CAP applicable to all the organization's programs. An exception would occur if the organization belongs to a larger parent organization where there is more than one level of administration oversight;
- Include a CAP that describes the distribution of expenses, staff time, and allowable expenditures that are attributed to the total and maximum allowable state and federal participation for the Certificate of Compliance numbers listed in this packet. The CAP is expected to show all methods used when distributing expenses and/or time. The intent of the CAP is to ensure the fair and equitable distribution of all expenses to all programs; and
- Include the calculation(s) used and a packet specific example to support and illustrate your method of allocation.

Specific Items of Cost

2 CFR Part 200 provides descriptions for items of cost that are typically unallowable for federal and/or state participation.

The questions in this section pertain to specific items of cost that are often unallowable for federal and/or state participation. Indicate whether the budget includes any of these line items by selecting a response from the options listed in the drop-down menu (shown below). If the response is "Yes" to any of the questions below, use the dialog box within the workbook to describe the specific circumstances related to that item of cost.

- No, these costs are not included in the expenses reported within this workbook
 - Yes, these expenses are included in the expenses reported within this workbook; however, within allowable guidelines
 - Yes, these expenses are included in the expenses reported within this workbook and only a portion of them are within allowable guidelines
 - Yes, these expenses are included in the expenses reported within this workbook and are not allowable.
- 1. Interest** - Costs incurred for interest on borrowed capital, temporary use of endowment funds, or the use of the non-profit organization's own funds.



2. **Fundraising** - Costs of organized fund raising, including financial campaigns, endowment drives, solicitation of gifts and bequests, and similar expenses incurred solely to raise capital or obtain contributions.
3. **Legal Fees** - Costs incurred in connection with any criminal, civil or administrative proceeding (including filing of a false certification) commenced by the federal government, or a state, local or foreign government relating to a violation of, or failure to comply with, a federal, state, local or foreign statute or regulation by the organization.
4. **Lobbying/Public Relations** - Attempts to influence legislation and/or the outcomes of any federal, state, or local election, referendum, initiative, or similar procedure, through in kind or cash contributions, endorsements, publicity, or similar activity.
5. **Bad Debt** - Including losses (whether actual or estimated) arising from uncollectable accounts and other claims, related collection costs, and related legal costs.
6. **Bank Fees** - Including surcharges from banks due to nonpayment or late payment of loans.
7. **Advertising** - Costs of meetings, conventions, convocations, of the non-profit organization, displays and exhibits, promotional items and advertising or public relations designed solely to promote the organization.
8. **Other Unallowable Costs** - Describe any other costs that have been deemed as unallowable in accordance with state/federal guidance. This includes items such as fines and penalties, which are the costs resulting from violations of, or failure of the organization to comply with federal, state, and local laws and regulations. This narrative box should also be completed to specify the amount of costs that have been deemed unallowable from one of the items noted above.

Cost Allocation Plan Information

1. Personnel Expenses

- A. **Question 9: Indirect Administrative Staff Roster**-The intent of this question is to understand the method of allocation used for the staff positions that split their time across allowable and/or unallowable job activity categories. Enter any additional information necessary to clearly explain the methodology used for indirect staff cost allocations across the two job categories provided in *Tab 1. Indirect Admin Roster*.

If the staff position splits time across job activity categories
(Management/Admin Support Staff/ Clinical/Treatment/Social



Services/Medical Services/Education/Unallowable) choose the method from the drop-down menu selections. *(Click in the shaded area on the worksheet to activate the drop-down arrow).* If more than one method is used, select *"Multiple Bases"* and use the dialog box to provide a detailed description of the methods used, including calculations and packet specific examples. If none of these methods apply, select *"Other"* and use the dialog box to provide a detailed description of the method(s) used including calculations and packet specific examples. The menu selections are listed below:

- Time Studies
- Number of Full-Time Equivalencies (FTEs)
- Based on expenses incurred by this program
- Salary and wage expense
- Multiple based used (explain below)
- Other (explain below)

2. Operational Expenses

A. Question 10: Have you added any line items to Sheet II. Indirect Administrative Expenditures? - Click in the shaded area to activate the drop-down arrow and choose a response from the menu selections. If the response is "Yes", use the dialog box to clearly describe additional line items.

3. Allocation Information

A. Question 11: Allocation of Indirect Administrative Expenses to Programs - Explain the methodology used by the agency to allocate a share of the indirect administrative costs across all programs. Choose a response from the drop-down menu selections. *(Click in the shaded area to activate the drop-down arrow.)* If the response is *"Multiple Bases"*, use the dialog box to clearly describe the methods and provide calculations and packet specific examples to support the methods. If none of these methods apply, select *"Other"* and describe the method(s) including the calculation(s) and packet specific example(s) in the dialog box.

- Direct Service Personnel Salary and Wages Expense for Program to Total Direct Service Personnel Salary and Wages Expense for Agency
- Direct Service Personnel Number of Full Time Equivalent (FTEs) for Program to Total Direct Service Personnel FTEs for Agency
- Direct expenses for the Program to Total Direct Expenses for All Programs within the Agency
- Multiple Bases Used (explain below)
- Other (explain below)

Provide supporting calculations/formulas worksheets that demonstrate the allocation of costs and the method used. Provide any additional explanations in the space provided.

- B. Question 12: Indirect Allocation from a Parent Organization -** If the agency is affiliated with a parent organization, select the methodology used to allocate a share of the parent organization's administrative cost to the agency. Typically, the parent organization determines an equitable basis to share administrative and overhead costs among related entities.

Select the method of allocation from the drop-down menu selections. If the response is "Multiple Bases Used", use the dialog box to clearly describe the methods and provide the calculations and packet specific examples to support the methods. If the agency uses an alternative method(s) not listed, select "Other" and use the dialog box to provide a detailed description of the method(s) used and provide the calculations and packet specific examples to support the methods. The drop-down menu selections are listed below:

- Ratio of Personnel Salary and Wages Expense for Facility to Total Personnel Salary and Wages Expense for All Facilities owned/operated by the Parent Organization
- Ratio of Personnel Number of Full Time Equivalents (FTEs) for Facility to Total Personnel FTEs for All Facilities owned/operated by the Parent Organization
- Ratio of Expenses for the Facility to Total Expenses for All Facilities owned/operated by the Parent Organization
- Other (explain below)

4. Variations in Expenses Incurred

- A. Question 13: Explain any changes in Indirect Administrative Expenses between the prior actual audited expenses and the projected budgeted expenses -** Use the dialog box to provide additional information to explain the change.

IV. MASTER LIST OF ALL AGENCY PROGRAMS (MASTER LIST)

This report is designed to display all programs that an agency manages. An accounting of the placement service provider's entire indirect administrative expense gives OCYF the information needed to verify that indirect administrative expenses are distributed in a fair and equitable manner in accordance with 55 Pa Code § 3170.60, (c) *Methods for allocation administrative overhead* and 2 CFR Part 200. The entities that comprise the indirect administrative component are not limited to child welfare programs. This sheet is intended to identify all sources of expense, related to all programs that benefit from

the indirect administrative budget. This form should list all programs and reflect indirect administrative expenditures that are allocated to each program for the Projected Budget SFY. Report the indirect administrative costs allocated to child welfare programs, as well as all non-child welfare programs.

1. **Name of Facility/Program** - Identify each facility/program that is part of the indirect administrative network.
2. **Certificate of Compliance Number (if applicable)**- Enter the Certificate of Compliance Number that was assigned to the facility/program upon the successful completion of licensing.
3. **Unit ID (if applicable)** - Enter the Unit ID (Use two letters; e.g., AB, GS, HZ, DC, etc.) of the facility/program. This should be two (2) alphabetical characters only. Unit ID will be assigned by the placement service provider. List each unit on a separate line.

For Example: ABC Home for Boys Cert # 123456 Unit AA
 ABC Home for Boys Cert # 123456 Unit BB

4. **Type of Service (foster family care, residential services, education services, etc.)** – Identify all services and programs that the organization manages. Choose the response from the selections in the drop-down menu. (Click in the shaded cell to activate the drop-down arrow.) The menu selections are listed below:

Type of Service (Please select from the dropdown)	Unit ID
Adoption	
Aftercare Services	
Behavioral Health	
Clinical Services	
Community Based Services	
Community Home Services	
Community Residential Rehabilitative Services for Children	
Day Treatment	

- Adoption
- Aftercare Services
- Behavioral Health
- Clinical Services
- Community Based Services
- Community Home Services
- Community Residential Rehabilitative Services for Children
- Day Treatment
- Diagnostic Services



- Education Services
- Emergency Shelter
- Family Living Home Services
- Foster Family Care
- Fundraising, PR & Asset Mgmt/Other Unallowable Costs
- Hospital
- In Home
- Mobile Program
- Other
- Outdoor Program
- Prevention Services
- Psychiatric Residential Treatment Facility (PRTF)
- Residential-Community Based
- Residential-Institutional Based
- Secure Care
- Secure Detention
- Supervised Independent Living
- Transitional Living
- Vocational Training

Note: As mentioned in the "Operational Expenses" section, "Fundraising, PR & Asset Mgmt/Other Unallowable Costs" must be listed as a program on the "Master Program List" for the purpose of receiving a proportionate share of indirect administrative costs. Refer to 2 CFR Part 200 for additional information.

- 5. Number of Licensed Beds in Facility or Unit (if applicable)** - List the number of licensed beds for the facility/program. If there are multiple units or Unit IDs, ensure that the total number of licensed beds on this sheet equals the total number of licensed beds assigned to that facility/program for that Certificate of Compliance Number. (Example: Certificate of Compliance Number 543210 has four (4) Units, Unit AA (10 beds) + Unit BB (25 beds) + Unit CC (13 beds) + Unit DD (12 beds) = 60, Certificate of Compliance 543210 is licensed for 60 beds).
- 6. Licensing Entity (OCYF, ODP, etc.)** - Identify the licensing agency that issued the Certificate of Compliance for the program and services provided. This column is not limited to Pennsylvania State Licensing Offices; it includes any state or federal licensing entity. Do not list the placement service provider's affiliated accreditations, such as JCAHO or COA as the Licensing Entity. If no licensing agency exists use N/A in the box.
- 7. Percentage of Indirect Admin FY 2019/20 (Projected Budget Year)** – For each program/service listed, enter the percentage of the total indirect administrative budget that is attributed to this facility/unit and/or program/service. In the total of all programs section, the total of all percentages listed will automatically populate and equal 100 percent. If the total does not equal 100%,

the cell will show "UNACCEPTABLE" which indicates an adjustment is needed to one or more of the listed percentages. The column is complete when 100% appears in the total.

8. **Dollar Amount of Indirect Admin for the Projected Budget Year** – Enter the dollar amount of the indirect administrative budget that is allocated to each facility/unit and/or program/service. In the total of all programs section, the dollar amount of each line item will automatically populate. The column total should equal the "Total Agency Indirect Administrative Expenses" listed on *Tab II. Indirect Admin Exps.*
9. **Title IV-E Allowable Dollar Amount of Indirect Admin for the Projected Budget Year** – This column will automatically populate and reflect the Title IV-E allowable dollar amount of indirect admin for the upcoming SFY for each program/service that is Title IV-E eligible. If the program is not eligible for Title IV-E funding, a zero "0" will appear in this column.

SUMMARY RATE SHEET

This form summarizes all the requested costs for the placement service provider. OCYF will list each program including the maximum allowable expenditure levels for state and federal participation on the secure website; the website is accessible to all contracting counties. The contracting county or placement service provider may also use this form to support contract negotiations. The maximum allowable expenditure levels should be listed for all Certificate of Compliance numbers where the placement service provider has submitted pre-contractual budget documentation to request per diem reimbursement.

1. **Certificate of Compliance Number** - Enter the number in the designated box. If more than one Certificate of Compliance number offers the same service for the same costs, enter the word **MULTIPLE** and one of the Certificate of Compliance Numbers associated with the service.
2. **Unit ID** - Enter the Unit ID if applicable. Enter "N/A" if this item is not applicable.
3. **Facility Name & Unit Name** - Enter the Facility Name and/or Unit Name. If more than one certificate number offers the same service for the same costs, enter the name of the program associated with the facility and/or unit.
4. **Requested Per Diem Rate** - Enter the total proposed placement service provider per diem request for the associated Certificate of Compliance number and/or program.

NOTE: The workbook may be subject to updates if errors are found. Please refer all form-related questions to:

ra-ocyfcontracts@pa.gov

Attachment 4

Time Study Guidance

Placement service providers should establish an acceptable method of allocation to adequately support their allocation of staff activity time as well as time-to-program distributions. The placement service provider determines which method(s) of allocation to use for which purpose.

One of the most commonly used method of allocation for allocating staff activity time is a time study. Although preferred, a formal time study is not required; however, **adequate support documentation would include a method of allocation which clearly identifies and supports how much time an employee spends doing an activity within each program the employee works.**

TIME STUDY STANDARDS

In accordance with 2 CFR Part 200, the following employees would be subject to the allocation method to support their allocations:

- Employees who work in more than one federal award;
- Employees who work in a federal award and a non-federal award;
- An employee who works on an indirect cost activity and a direct cost activity;
- An employee who works in two or more indirect activities which are allocated using different allocation bases; or
- An employee whose work includes an unallowable activity and a direct or indirect cost.

If a placement service provider chooses to complete a time study in order to delineate between allowable/applicable and unallowable/non-applicable activities for federal Title IV-E and/or state Act 148 participation, the following guidelines should be used to ensure the best possible results:

- Job descriptions should clearly identify current and/or projected job activities;
- All staff that performs functions in both allowable/applicable and unallowable/non-applicable activities with the children need to be time studied;
- Time study documentation clearly identifies how much time is spent performing each activity in each program;
- Time studies completed by direct line staff should not identify what activities are allowable/applicable or unallowable/non-applicable. However, the provider representative analyzing the results should be able to clearly identify which activities are allowable/applicable or unallowable/non-applicable;
- Time studies should be completed at least bi-annually for two (2) nonconsecutive two-week periods within 12 months of each SFY submission date. The frequency in which time studies are completed should depend on the variability of activity within the agency, so if there are consistent or seasonal changes in work



- duties, time studies should occur more frequently. The provider agency should ensure that the time study periods selected do not include periods when there may be a significant amount of staff absent or where program activities significantly differ from the normal day-to-day program activities/services;
- Staff should track their time in 15-minute increments using a standardized format;
- The provider should be able to link the staff member's duties/activities, presented in the job description and program description, to the time study (or other method of allocation used) and the fiscal forms submitted. This measure is critical to supporting the method of allocation's results as accurate and applicable. This can be done by utilizing a key, legend or desk manual to show how the staff member's duties/activities connect directly to the job description, program description, time study summary and any other related support documentation; and
- The time study documentation is signed by the employee and their direct supervisor.

Lastly, when a placement service provider is submitting time study documentation, it should include the following:

- A detailed narrative explanation that clearly outlines the provider's time study process. This narrative should include the periods of the study, a list of participating staff, how the data was collected and analyzed for each method used along with any outliers that can impact the results of the study;
- Any desk guide and/or manual used by staff. This also includes any instructions and/or training materials provided to direct line staff;
- A summary of the results; and
- One completed time study for each unique position/title that was time studied.

If utilizing methods of allocation other than time studies, a placement service provider should ensure the information submitted includes the following:

- A detailed narrative explanation that clearly outlines the provider method of allocation. This narrative should identify how the data was collected and analyzed, which staff are impacted by the methodology and any additional information that will assist OCYF in substantiating the provider's method of allocation;
- The data and calculation including a packet specific example that ties the method of allocation to the data reported in the budget documentation; and
- A summary of the results.

OPPORTUNITY TO PARTICIPATE IN A STANDARDIZED TIME STUDY

OCYF implemented a standardized time study pilot in SFY 2015-16. Participating placement service providers generally experience shorter review times as the time study meets all of the elements detailed above and there is less follow-up needed.

Placement service providers may choose to participate in OCYF's standardized time study process at any time. Agencies that would like to participate can submit their request to the following resource account:

ra-ocyfcontracts@pa.gov

OCYF will conduct an assessment of the placement programs to determine the agencies eligibility to participate in the standardized time study process. If the placement service provider is accepted, OCYF will assume the administrative responsibility of training the placement service provider's staff, collecting completed time study reports, compiling the results and creating placement service provider-specific statistics.

ADDITIONAL SUPPORT

If a placement service provider wants additional technical assistance regarding time studies or other allocation methods used to determine allowable costs, contact OCYF through the following resource account:

ra-ocyfcontracts@pa.gov

Appendix M: Budget Documentation Review and Standardized Time Study Process Charter

Rate Methodology Task Force

Charter for Ad-hoc Workgroup – Budget Documentation/Standardized Time Study Process

March 11, 2019

Rationale

This workgroup will review the current placement services budget documentation process to develop recommendations on any changes necessary to either the budget documentation and/or instructions. Additionally, the workgroup will review OCYF's Standardized Time Study Pilot Process to determine the need for statewide implementation. Current timeframes will be evaluated to determine whether they currently meet the needs of all stakeholders. This workgroup will develop recommendations that ensure federal and/or state reimbursement.

Workgroup Members

OCYF/DHS – Melissa Erazo, Samantha Feldman

County – Diane Cottrell, Anne Bennett, Elaine Kita, Evelyn Cruz, Tabita Quashigah

Providers – Ed DePasquale, Michelle Gerwick, Trish Fawver, Beth Ramsey, Emily Reed, Joe Niezgoda

Outside Consult – on as needed basis as determined by the ad-hoc workgroup

Boundaries

Focus on current budget reporting document and ancillary support.

1. Approach and willingness to think openly and constructively.

2. Reporting forms and corresponding instructions will be updated as needed.
3. All recommendations are subject to the entire Rate Methodology Task Force.
4. Discussion will focus on general criteria, not provider specific information.

Goals

1. Update Budget report format for residential providers that will address:
 - a. Split of shelter related expenses (rent, utilities, communications, etc.) between Maintenance vs. Administrative Expenses
 - i. What are suggestions for methodologies that can be provided to placement service providers in identifying how to split costs.
2. Determine need to establish guidelines for providers of treatment programs on how to develop budget documentation to ensure consistency across all treatment providers.
3. Evaluate current timeframes to determine whether they meet the needs of all stakeholders:
 - a. If timeframes do not meet needs, determine new timelines/deadlines that meets the needs of all stakeholders;
 - b. Determine the need for an 'adjustment of approval' based on missed timelines/deadlines.
4. Determine the need for a standard job description and program description template.
5. Determine need to implement OCYF Standardized Time Study Process statewide:
 - a. Determine timeframe for time study process;
 - b. Determine whether any changes need to occur to current process.

Timeframes

Final draft documents and recommendations of all deliverables identified in goals above will be ready for presentation to the Rate Methodology Task Force no later than Friday May 3rd, 2019.

Impact

The work of this ad-hoc group will lead to a streamlined focus and final recommendation by the Rate Methodology Task Force for a placement services budget documentation process that meets the needs of state, county and provider interests.

Communication

Members of the Ad-hoc audit/cost report group will attend workgroup meetings and/or conference calls to ensure clarity and focus.

Appendix N: Proposed Residential Budget Packet FY 21-22

RESIDENTIAL FACILITIES COVER PAGE

Title IV-E / Act 148 Maximum Allowable Reimbursement Budget Documentation

for Projected Budget FY **2021-22** July 1, 2021 to June 30, 2022
and Prior Actual Audited FY **2019-20** July 1, 2019 to June 30, 2020

Please complete the following fields:

If these forms are being used to develop a single per diem for multiple local service provider facilities, please enter "MULTIPLE" and the licensed Certificate No. of one facility in the field entitled "Certificate of Compliance". Lastly, please complete the "Schedule of All Local Service Provider Facilities" fields located at the bottom of the worksheet.

Certificate of Compliance:	Unit ID:	Total Number of Licensed Beds:	
Legal Entity Name as per Certificate of Compliance:			
Program Name:			
Unit Name:			
Facility Name:			
Facility Street Address:			
Facility City:		State:	Zip:
Type of Service (select from menu):			
Please complete the following fields:			
Organization Name:			
Organization Street Address:			
Organization City:		State:	Zip:
Federal ID#:			
CEO/President Name:			
Position/Title:			
Phone Number:			
Email Address:			
Submission Date:			
Submission #:			

Please complete the contact information for the individual responsible for completing and submitting the contract documentation and supporting documentation. If additional contacts, please attach a separate sheet with the additional data.

Contact Person Name:	
Title:	
Street Address:	
City:	State: Zip:
Phone Number:	
Fax Number:	
Email Address:	

I **CERTIFY** that the information submitted is true, complete, and correct to the best of my knowledge. If I discover that any information submitted is not correct, I will notify the appropriate party(ies) immediately. I understand that if the information submitted is false or misleading, or deliberately omits or conceals pertinent information, I am subject to any and all penalties permitted under federal and state laws.

Print Name:	
Title:	
Date:	

Contact Information of OCYF Reviewer:	
Name:	
Phone Number:	
E-mail Address:	

Schedule of Facilities for Multiple Submission

Please complete the following fields for each licensed facility included in the single per diem calculation:

Total Units - 0	Unit ID	Combined Cert. Beds - 0	Unit Name	Facility Name	Street Address	City	State	Zip

I. Residential Facility Staff Roster

Title IV-E / Act 148 Maximum Allowable Reimbursement Budget Documentation

Facility Name:

Certificate of Compliance #:

Unit ID:

Organization Name:

Federal ID #:

☞ This form should include all staff salary costs for personnel whose salary was reported in the Actual Audited FY 19-20 as well as the Projected Budgeted Salaries per position/titles. Please do not include any Indirect Administrative Staff on this sheet.
 ☞ If a staff person performs work related job duties in the more than one job category, please place the corresponding percentage under the appropriate job category. A quantifiable methodology on how the job category percentage allocations are divided by position/title must be given in the Required Information Cost Allocation Plan.

NOTE: Green shaded cells indicate pre-populated totals. Only complete the unshaded cells. Please refer to the bulletin and special transmittal for specific instructions.

Residential Facility Staff Roster Projected Budget Year FY 2021/22

To add 10 additional lines, please click on this [BUTTON](#).

Position/Title	Prior Actual Audited Salaries Allocated	Prior Actual Audited FTE	Projected Budget Year Number of staff	Projected Budget Year FTE	Total Budgeted Salaries Allocated	Daily Supervision <i>(Title IV-E / Act 148 Allowable)</i>	Case Management Staff <i>(Title IV-E / Act 148 Allowable)</i>	Manage or Supervise Staff <i>(Title IV-E / Act 148 Allowable)</i>	Support Staff <i>(Title IV-E / Act 148 Allowable)</i>	Clinical / Treatment / Social Services and Medical Services <i>(Title IV-E Unallowable, Act 148 Allowable)</i>	MH/ID Services and Education Services <i>(Title IV-E Unallowable/ Act 148 Unallowable)</i>
						10%	25%		10%	55%	
TOTALS:					0	0	0	C	C	1	C

IV. Residential Facility Per Diem Calculation Worksheet		
Title IV-E / Act 148 Maximum Allowable Reimbursement Budget Documentation		
Facility Name: 0	Organization Name: 0	
Certificate of Compliance #: 0	Federal ID #: 0	
Unit ID: 0		
<small>☞ The Net Administrative Expense and Net Maintenance Expense line on this sheet will automatically populate based on the calculation of expenditures that are reported on the Residential Facility Expenditure sheet.</small> NOTE: Green shaded cells indicate pre-populated totals/amounts. ONLY complete the unshaded line items/cells. Please refer to bulletin for complete instruction on how to properly fill out this form.		
	Prior Actual Audited FY 2019-20	Projected Budget FY 2021-22
Total Direct Care Expense (FMAP Expenditures)	#DIV/0!	#DIV/0!
Number of Licensed Beds		0
Total Care Days/Units Provided		0
Occupancy Rate	#DIV/0!	#DIV/0!
CALCULATED MAINTENANCE PER DIEM:		
Total Personnel/Operational Expense (FFP Expenditures)	#DIV/0!	#DIV/0!
Number of Licensed Beds	0	0
Total Care Days/Units Provided	0	0
Occupancy Rate	#DIV/0!	#DIV/0!
CALCULATED ADMINISTRATIVE PER DIEM:		
TOTAL CALCULATED PER DIEM:	#VALUE!	#VALUE!

****OFFICIAL USE ONLY****	
FINAL ADJUSTED Projected Budget FY 2021-22	FINAL ADJUSTED Title IV-E Allowable FY 2021-22
#DIV/0!	#DIV/0!
0	
0	
#DIV/0!	
Title IV-E Allowable Percentage FY 2021-22:	#DIV/0!
#DIV/0!	#DIV/0!
0	
0	
#DIV/0!	
Title IV-E Allowable Percentage FY 2021-22:	#DIV/0!
#VALUE!	#VALUE!

Appendix O: Data and Analysis Collection Trend Rate and Data Results

Data and Assessment Workgroup

- This workgroup was created based on the expressed need of the larger RMTF group. The need to collect data and conduct analysis are needed in order for the Task Force to make informed recommendations.
- We met every 2-weeks
- Group consists of State, County and Provider representatives

Data and Analysis of Contracted Rates and Participation Rates (max allowable)

Questions?

- What is the difference in rates between Participation Rate (max allowable) and contracted rate for the provider and a county?
- How do the provider rates compare to a national standard of increases over 5 years?
- How can a provider create a rationale that allows for the county to provide cost information to the state in order to justify a increased rate?
- How can provider and county personnel articulate the gaps in contracted rates with quantifiable data?
- What are the differences between State Residential Facilities rates and private provider rates?
- What cost drivers are not realized in allocations, budgets or cost of care projections?

Residential Services Chart

Variance from Max Cost	Count of Services	% of all Services	Count of Services Sampled
25 to 30% Above Max	1	0.16%	0
15 to 20% Above Max	1	0.16%	0
At Max Cost (0.1% Above to 0.09% Below Max)	66	10.58%	5
0.1% - 5% Below Max	113	18.11%	9
5.1% - 10% Below Max	89	14.26%	7
10.1% - 15% Below Max	75	12.02%	6
15.1% - 20% Below Max	27	4.33%	2
20.1% - 25% Below Max	47	7.53%	4
25.1% - 30% Below Max	38	6.09%	3
30.1% - 35% Below Max	8	1.28%	1
35.1% - 40% Below Max	46	7.37%	4
40.1% - 45% Below Max	19	3.04%	2
45.1% - 50% Below Max	6	0.96%	0
50.1% - 55% Below Max	32	5.13%	3
55.1% - 60% Below Max	6	0.96%	0
60.1% - 65% Below Max	32	5.13%	3
65.1% - 70% Below Max	9	1.44%	1
70.1% - 75% Below Max	6	0.96%	0
75.1% - 80% Below Max	2	0.32%	0
80.1% - 85% Below Max	1	0.16%	0
Total	624		50

Grouped Percentages Residential

- Above Participation (max) Rate= .32%
- Range from 0% to 5% below Participation Rate = 28.69%
- Range from 5.1% to 20% below Participation Rate= 30.6%
- Range from 20.1% and below Participation Rate = 40.39%

Foster Care Services Chart

Variance from Max Cost	Count of Services	% of all Services	Count of Services Sampled
70.1% to 75% Above Max	1	0.06%	0
35.1% to 40% Above Max	1	0.06%	0
10.1% to 55% Above Max	1	0.06%	0
At Max Cost (0.1% Above to 0.09% Below Max)	670	37.96%	19
0.1% - 5% Below Max	317	17.96%	9
5.1% - 10% Below Max	171	9.69%	5
10.1% - 15% Below Max	159	9.01%	5
15.1% - 20% Below Max	104	5.89%	3
20.1% - 25% Below Max	60	3.40%	2
25.1% - 30% Below Max	35	1.98%	1
30.1% - 35% Below Max	53	3.00%	2
35.1% - 40% Below Max	48	2.72%	1
40.1% - 45% Below Max	15	0.85%	0
45.1% - 50% Below Max	36	2.04%	1
50.1% - 55% Below Max	17	0.96%	1
55.1% - 60% Below Max	14	0.79%	0
60.1% - 65% Below Max	49	2.78%	1
65.1% - 70% Below Max	7	0.40%	0
75.1% - 80% Below Max	1	0.06%	0
85.1% - 90% Below Max	1	0.06%	0
90.1% - 95% Below Max	5	0.28%	0
Total	1765		50

Grouped Percentages Foster Care

- Above Participation (max) Rate= .18%
- Range from 0% to 5% below Participation Rate = 55.92%
- Range from 5.1% to 20% below Participation Rate= 36.66%
- Range from 20.1% and below Participation Rate = 7.24%

Trend Rate Data Methodology

- Separated all services into buckets based on their variance between their 'Average Total Per Diem' and 'Max Total Per Diem.'
- Found the % of total services in each bucket
- Multiplied % of all Services by 50, rounding to the nearest 0, to find out how many should be randomly sampled from each bucket. Due to rounding error, only 49 services were sampled from foster care in this way. To correct for this, a sample was added to the largest grouping not otherwise represented (50.1% - 55% Below Max).
- Provider numbers from each category were put into a randomization tool (<https://www.random.org/lists/>), one bucket at a time. The top X providers from each were selected from each randomized list, where X equaled the number of services selected.

Trend Rate Data Results

- **Family Foster Care:** the average contracted rate difference is \$(2.23) from the CPIU trend from 13-14 contracted rates until 17-18 contracted rates. The median is \$(1.94).
- The average 17-18 contracted rate for Family Foster Care is \$64.07. The percentage difference is 3.6% from the CPIU.
- Foster care – contracted rates avg increased by \$.92 from 13/14 to 17/18 which is 1.4%. Basically it is flat over 5 years.
- **Residential:** the average contracted rate difference is \$(40.48) as compared to the CPIU trend rate. This was calculated from 13-14 contracted rates to 17-18 contracted rates. The median is \$(25.13).
- The average 17-18 contracted rate for Residential is \$169.59. The percentage difference is 31.4% from the CPIU rate calculated over the same time.
- Residential – contracted rates avg increased by \$20.44 from 13/14 to 17/18 which is 14%.

Results – What does this show?

- The analysis shows current provider rates compared to a National Standard of CPIU over 5 years.
- There was a question of whether current provider rates are actually suppressed. This data helps inform the group that there is a gap between contracted rates and inflation.
- The rates for foster care have minimally increased over 5 years and are basically flat <1.00 avg over 5 years.

Rates: YDC/YFC Report

- Finally, we attempted to compare YDC/YFC costs to similar private providers. We found, however, that because the YDC/YFC system and private providers operate under such vastly different parameters that comparisons could not be made with any reasonable level of accuracy or reliability. Nevertheless, we did make general comparisons between the YDC/YFC system and several private provider secure placements. We verified these costs with private providers, and with selected county juvenile probation offices, which contract with private providers for secure placements. Without question, YDC/YFC placements were the most expensive option for treating adjudicated youth—often by \$200 or more, per day. However, we caution that these comparisons are not “apples to apples” for numerous reasons. One reason being that YDC/YFC facilities cannot deny placements, and further the YDC/YFC system cannot seek Medicaid reimbursement, as private providers are able to do.
- (LEGISLATIVE BUDGET AND FINANCE COMMITTEE: A Fiscal and Operational Review of the Youth Development Center/Youth Forestry Camp System)

Costs: YDC/YFC Expenditures

- YDC/YFC Total Expenditures. We reviewed three years of fiscal data (FY 2014-15, through FY 2016-17) to identify the largest expenditure category for the YDC/YFC system. As shown in Exhibit 16, Direct Cost expenditures are, by far, the largest expense category. This cost area represents approximately two-thirds of all system expenditures. We found that costs within this category grew by nearly ten percent from \$41.5 million (FY 2014-15) to \$45.4 million (FY 2016-17). Increases in employee benefits costs were also a contributing factor. For example, the average fringe benefit rate for BJS (as calculated by the DHS’ Budget Office) increased from 79.7 percent to 87.2 percent during the review period.
- (p. 53, LEGISLATIVE BUDGET AND FINANCE COMMITTEE: A Fiscal and Operational Review of the Youth Development Center/Youth Forestry Camp System)

Mandates: unfunded, underfunded, delayed and abandoned

Usually all these mandates include worthy initiatives; however the lack of adequate funding hurts their effectiveness and interferes with private provider's ability to balance their budgets. Simply put, chronic under-funding presents a financial burden and diminishes the ability of the system to expertly serve a youth in placement.

Requirement of things we need to do that impact several variables within the organization.

[Insert link to document](#)

\$ Difference of Funding per Service Type in One Day

- Right now, if we **assume that all services provide the same number of service days per year**, and therefore apply no weighting, it looks like Foster Care is below the Maximum Allowable Rate by an average of \$13.24 per client/per day, and Residential is below the Maximum Allowable Rate by an average of \$52.28 per client/per day.

So What? A provider can take the number of clients that are receiving services in a given day and multiple this \$ to the units of service, this provides a very rough average of how much your service is below the max allowable rate every day.

Difference of Funding per Service Type in One Day

- If **we assume that each service serves one client per day**, the total amount is \$32,645 for Residential and \$23,363 for Foster Care below the total Maximum Approved State Rates.
- This does not take into account number of kids or care days.
- So What? This provides a data snapshot of all congregate services and that services are currently below the Maximum Allowable Rate. This confirms the assumption that the current contracted rates are less than the allowable rates.

Salaries and Benefits

Questions?

- How are private provider salaries comparable to other like positions?
- What are the fringe benefits percentages for providers and how do they compare to counties?

Corrected Mean Salaries

The following anomalous salaries were removed from the analysis:

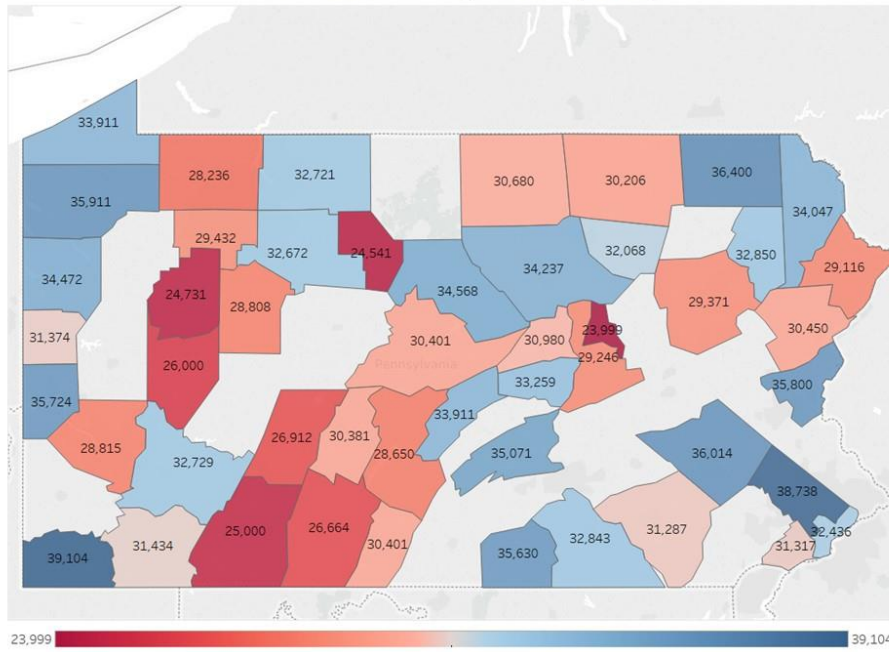
Caseworker 1: 14 counties were removed from the analysis, 9 of which had 0 as the reported salary, and 5 of which had salaries ranging from \$0 to \$17 per year.

Caseworker 2: 9 counties were removed from the analysis, 4 of which had 0 as the reported salary, and 5 of which had salaries ranging from \$0 to \$18 per year.

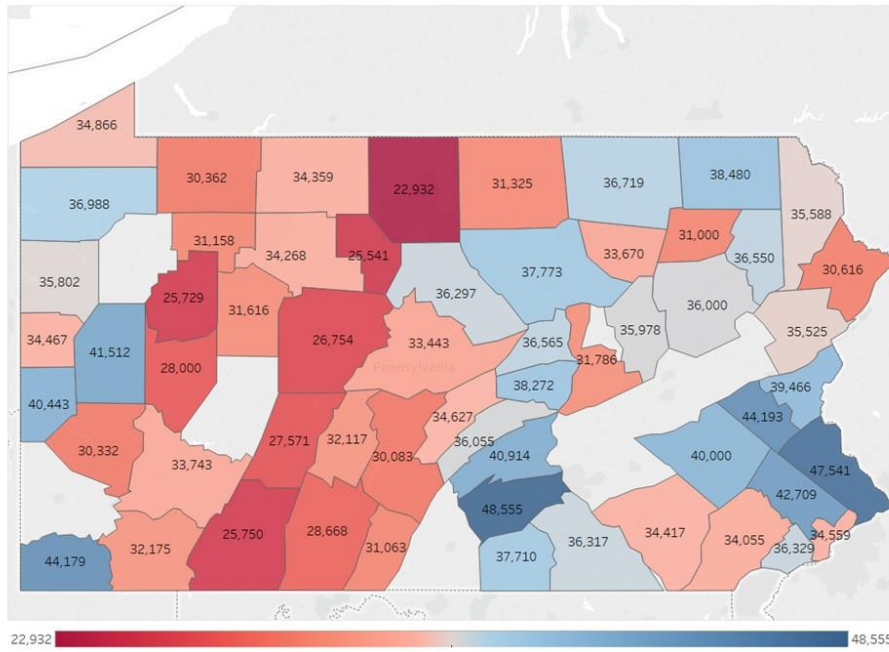
Caseworker 3: 31 counties were removed from the analysis, 28 of which had 0 as the reported salary, and 3 of which had salaries ranging from \$15 to \$20 per year.

	Reported Mean Salary	Corrected Mean Salary	Difference	% Underreported
CW 1	\$24,836	\$31,303	\$6,467	20.7%
CW 2	\$30,054	\$34,716	\$4,662	13.4%
CW 3	\$20,549	\$38,726	\$18,117	46.9%

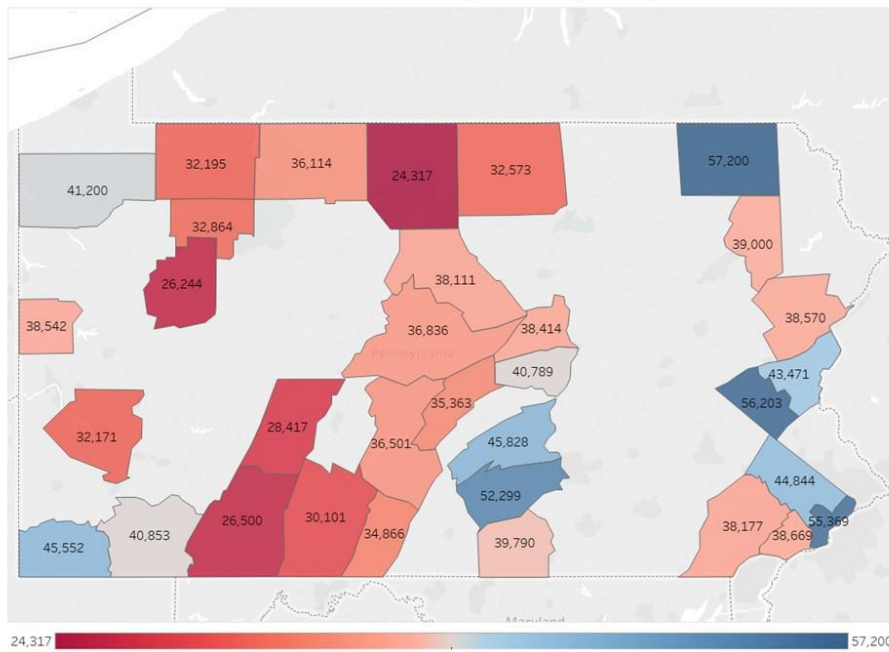
Corrected CW 1 Starting Salaries by County



Corrected CW 2 Starting Salaries by County



Corrected CW 3 Starting Salaries by County



County Starting Salary broken down by caseload level

County	Median Caseload for Filled Positions	CW 1 Starting Salary per Case	CW 2 Starting Salary per Case	CW 3 Starting Salary per Case
Adams	7.00	\$5,090.00	\$5,387.14	\$5,684.29
Allegheny	14.00	\$2,058.21	\$2,166.57	\$2,297.93
Armstrong	12.00	\$2,166.67	\$2,333.33	
Bedford	5.00	\$5,332.75	\$5,733.65	\$6,020.28
Berks	14.50	\$2,483.72	\$2,758.62	
Bradford	14.00	\$2,157.54	\$2,622.75	
Bucks	10.00		\$4,754.10	
Butler	7.00		\$5,930.29	
Cambria	14.00	\$1,922.29	\$1,969.36	\$2,029.79
Cameron	5.00	\$4,908.12	\$5,108.12	
Centre	12.50	\$2,432.04	\$2,675.40	\$2,946.84
Chester	7.50		\$4,540.67	\$5,090.27
Clarion	5.00	\$4,946.20	\$5,145.80	\$5,248.80
Clearfield	19.00		\$1,408.11	
Clinton	6.00	\$5,761.33	\$6,049.50	\$6,351.83
Columbia	11.00		\$3,270.73	
Crawford	9.50	\$3,780.11	\$3,893.47	\$4,336.84
Cumberland	20.00		\$2,427.75	\$2,614.95
Delaware	15.50	\$2,020.45	\$2,343.81	\$2,494.77
Elk	8.00	\$4,084.02	\$4,283.54	
Erie	17.00	\$1,994.76	\$2,050.94	

County Starting Salary broken down by caseload level

County	Median Caseload for Filled Positions	CW 1 Starting Salary per Case	CW 2 Starting Salary per Case	CW 3 Starting Salary per Case
Fayette	14.00	\$2,245.29	\$2,298.21	\$2,918.07
Forest	8.00	\$3,679.00	\$3,894.75	\$4,108.00
Fulton	6.00	\$5,066.83	\$5,177.17	\$5,811.00
Greene	20.00	\$1,955.20	\$2,208.96	\$1,277.60
Huntingdon	11.00	\$2,604.55	\$2,734.82	\$3,318.27
Jefferson	5.00	\$5,761.60	\$6,323.20	
Juniata	11.00		\$3,277.73	
Lackawanna	16.00	\$2,053.13	\$2,284.38	\$2,437.50
Lancaster	13.00	\$2,406.69	\$2,647.46	
Lawrence	7.00	\$4,482.00	\$4,923.86	\$5,506.00
Luzerne	7.00	\$4,195.86	\$5,142.86	
Lysburne	10.00	\$3,423.70	\$3,777.30	
Mechanic	16.00	\$2,045.06	\$2,474.44	\$2,257.13
Mercer	6.00	\$5,745.33	\$5,967.00	
Mifflin	3.00	\$11,303.72	\$11,542.48	\$11,787.53
Monroe	3.50	\$12,180.07	\$14,210.06	\$15,428.02
Montgomery	8.00	\$4,842.25	\$5,338.63	\$5,605.50
Northampton	12.00	\$2,983.33	\$3,288.83	\$3,622.58
Perry	1.50	\$23,380.93	\$27,275.73	\$30,551.73
Philadelphia	11.00	\$2,948.73	\$3,141.73	\$5,033.55
Pike	7.00	\$4,159.43	\$4,373.71	
Potter	12.00	\$1,802.17	\$1,911.00	\$2,026.42
Snyder	11.00	\$3,023.55	\$3,479.27	\$3,708.09
Somerset	13.00	\$1,923.08	\$1,980.77	\$2,038.46
Sullivan	9.50	\$3,375.58	\$3,544.21	
Tusquehanna	9.00	\$4,644.44	\$4,375.56	\$6,355.56
Tioga	7.00	\$4,382.86	\$4,674.97	\$4,653.26
Union	9.50	\$3,261.05	\$3,488.95	\$4,043.58
Warren	9.00	\$3,137.33	\$3,373.56	\$3,577.22
Wayne	7.00	\$4,863.86	\$5,083.93	
Westmoreland	14.00	\$2,337.79	\$2,410.21	
Wyoming	9.00		\$3,444.44	
York	8.50	\$3,863.88	\$4,272.59	
Mean Average	10.13	\$4,230.79	\$4,461.66	\$5,380.68

Corrected Mean Average Standardized for Casework Size

Of all counties, 54 reported at least one correct starting salary, and the median caseload for filled positions. The median caseload ranged from 1.50 cases (Perry County) to 20.00 cases (Greene County), with a mean average of 10.13 cases. The average starting salary per assigned case was then calculated.

	Mean Starting Salary per Case
Caseworker 1	\$4,231
Caseworker 2	\$4,462
Caseworker 3	\$5,381

Corrected Mean Average by Region

For this chart, mean salaries were calculated by region using the original corrected mean average above. Regions were defined by their label on the original spreadsheet.

Region	Mean Corrected CW 1 Starting Salary	Mean Corrected CW 2 Starting Salary	Mean Corrected CW 3 Starting Salary
Central	\$30,943	\$35,101	\$37,809
Northeast	\$31,745	\$35,090	\$42,445
Southeast	\$34,626	\$39,199	\$44,265
West	\$30,680	\$32,761	\$35,005
All Regions	\$31,303	\$34,716	\$38,726

Corrected Mean Average Standardized for 37.5 Hour Workweek

All counties, except for Montour, reported the number of hours caseworkers are expected to work in a full-time week. These 66 counties ranged from 33-40 hours, with a mean average of 37.82 hours, and a median of 37.5. For each county, at each caseworker level, corrected salaries were divided by their expected hours per week, then multiplied by 37.5 in order to find the normalized starting salary for 37.5 hours of work, by county.

	Normalized 37.5 Hour Starting Salary (Corrected Mean)
Caseworker 1	\$31,204
Caseworker 2	\$34,473
Caseworker 3	\$38,237

Corrected Average: Within 2 Standard Deviations

For this corrected average, the mean and standard deviations of salaries were calculated. Outlier salaries were identified as those greater than 2 standard deviations from the mean. A new mean starting salary was calculated without those outliers.

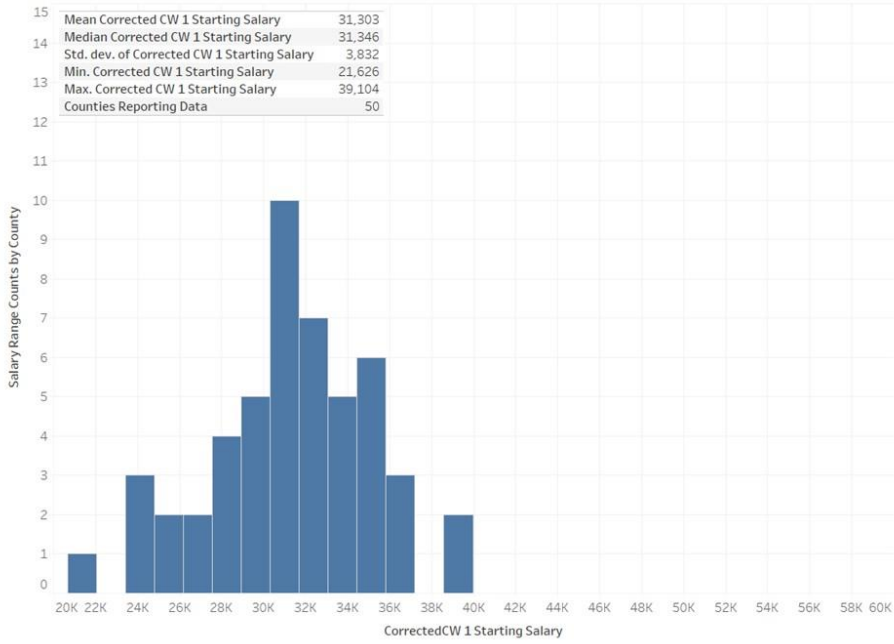
For CW 1 salaries, the top and bottom salaries were removed using this process. For CW 2 salaries, the bottom one and top two salaries were removed. As variance was so high for starting CW 3 salaries, all salaries were within 2 standard deviations, and no outliers were removed.

	Standard Deviation of Starting Salaries	Mean Starting Salary, Outliers Removed	Salaries Removed as Outliers
CW 1	\$3,832	\$31,343	2
CW 2	\$5,278	\$34,445	3
CW 3	\$8,244	\$38,726	0

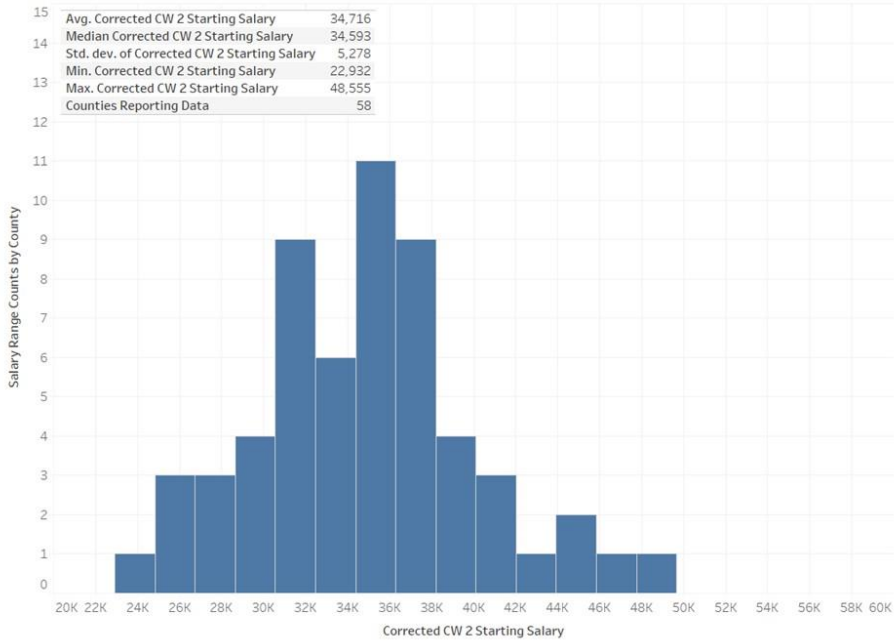
All Mean Starting Salaries, Side-by-Side

	Reported Mean Starting Salary	Corrected Mean Starting Salary	Mean Starting Salary, Outliers Removed using Std. Dev.	Mean Starting Salary, Normalized for 37.5 Hour Weeks
CW 1	\$24,836	\$31,303	\$31,343	\$31,204
CW 2	\$30,054	\$34,716	\$34,445	\$34,473
CW 3	\$20,549	\$38,726	\$38,726	\$38,237

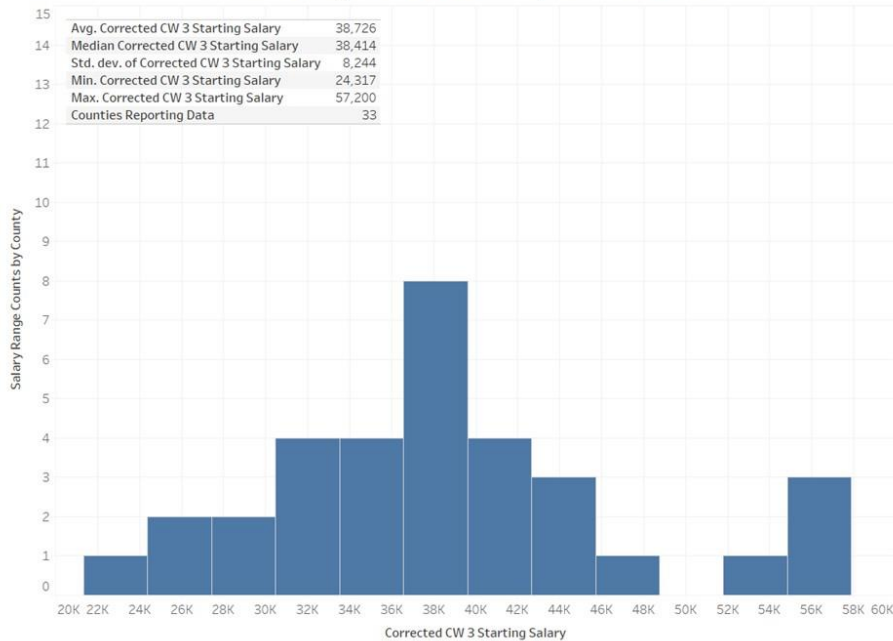
CW 1 Starting Salaries: Descriptive Statistics



CW 2 Starting Salaries: Descriptive Statistics



CW 3 Starting Salaries: Descriptive Statistics



Provider Salary Study: 2018 PENNSYLVANIA DIRECT SUPPORT
PROFESSIONAL & FRONT LINE SUPERVISOR
COMPENSATION STUDY

- Data was collected regarding Direct Support Professionals asking what the offered hourly wage would be for an individual starting in such a position. Across the 154 responding providers, a mean hourly starting wage of \$11.62 was determined to be in effect as of 6/30/18. The median value was \$11.50 per hour. Starting hourly wage ranged from \$8.35 per hour to \$16.00 per hour, with a standard deviation of 1.25. Note that starting wage was not weighted by the size of the provider.
- \$11.62 an hour annualized = \$22,659 (31,300 CW1 comp)
- Mean (average) First Line Supervisor annual salary was \$37,977.

PCCYFS 2015-16 Salary Study

Social Services Worker, Master's and Above:

- 22 Agencies, 168 FT Employees (all levels of experience) – Average “salary:” \$38,000

Workers w/ 0-2 years of experience:

- 105 Employees
- Average “salary:” \$36,354

Social Services Worker, Bachelor's and Below:

- 30 Agencies, 482 FT Employees (all levels of experience) – Average current salary: \$32,050

Workers w/ 0-2 years of experience:

- 248 Employees
- Average “salary:” \$31,103

Trend Provider Current (not starting) Salary Report

	2015	December 2016	November 2018
# Direct Support Professionals Covered	17322	34037	32369
# Providers	65	121	169
Direct Support Professional starting wage	\$10.15 / hour	Not collected	\$11.62 / hour
Mean Direct Support Professional wage	\$11.26 / hour	\$11.89 / hour	\$12.83/ hour
Direct Support Professional Turnover	25.2%	26.0%	38.2%
Direct Support Professional Open Positions	10.6%	11.9%	20.4%
Percent Benefits	27.0% *	27.1% *	22.2% **

*** estimate provided by respondents
****calculated from wages and benefit costs

Perhaps the chart below more clearly illustrates industry trends in wages, turnover, and rate of open positions for Direct Support Professionals in Pennsylvania.

PCCYFS Generalized Salary Study 2015-16

Home Tools 2018 DSP Comp... Universidad Catoli... Salary_Survey_Re... x Sign In

13 / 157 100% Share

10-YEAR SALARY COMPARISONS BY POSITION

Historical Trends by Position

The table below contains median statewide salaries for the years in which PCCYF conducted salary surveys and is presented for the following positions. The gray cells indicate that the position was either a new title or it wasn't included in the survey that year.

EXECUTIVE/MANAGEMENT	2004-05	2006-07	2009-10	2011-12	2015-16 \$	2015-16 %
CEO/Executive Director	\$81,500	\$100,000	\$111,759	\$121,201	\$121,292	0.07%
Associate Director	\$70,980	\$76,011	\$74,952	\$82,309	\$86,480	5.07%
Assistant Director	\$40,000	\$78,652	\$62,470	\$68,349	\$67,150	-1.75%
Chief Financial Officer	\$61,967	\$66,000	\$84,371	\$86,700	\$97,144	12.05%
Director of Human Resources	\$47,250	\$57,010	\$56,088	\$65,000	\$64,000	-1.54%
Director of Development	\$48,205	\$59,364	\$65,819	\$65,502	\$69,085	5.47%
Director of MIS	\$45,000	\$51,250	\$58,876	\$61,375	\$50,616	-17.53%
Medical Director			\$226,521	\$83,640	\$64,309	-23.11%
Program/Clinical Director	\$42,000	\$50,000	\$58,792	\$57,995	\$60,590	4.47%
Behavioral Health Director			\$65,844	\$62,050	\$73,510	18.47%
SOCIAL SERVICES						
Registered Nurse			\$45,000	\$49,962	\$52,000	4.08%
Licensed Practical Nurse			\$34,216	\$37,567	\$36,320	-3.32%
Social Services Supv (Master's & Above)	\$39,101	\$42,630	\$45,000	\$45,861	\$44,000	-4.06%
Social Services Supv (Bachelor's & Below)	\$31,668	\$37,000	\$37,369	\$38,908	\$36,000	-7.47%
Social Services Staff (Master's & Above)	\$32,989	\$36,570	\$36,714	\$38,600	\$38,000	-1.55%
Social Services Staff (Bachelor's & Below)	\$27,518	\$30,000	\$30,000	\$30,724	\$32,050	4.32%
Direct Child Care Staff	\$21,500	\$22,880	\$23,500	\$23,850	\$24,960	4.65%
Case Aide	\$18,200	\$23,600	\$22,963	\$22,340	\$24,980	11.82%

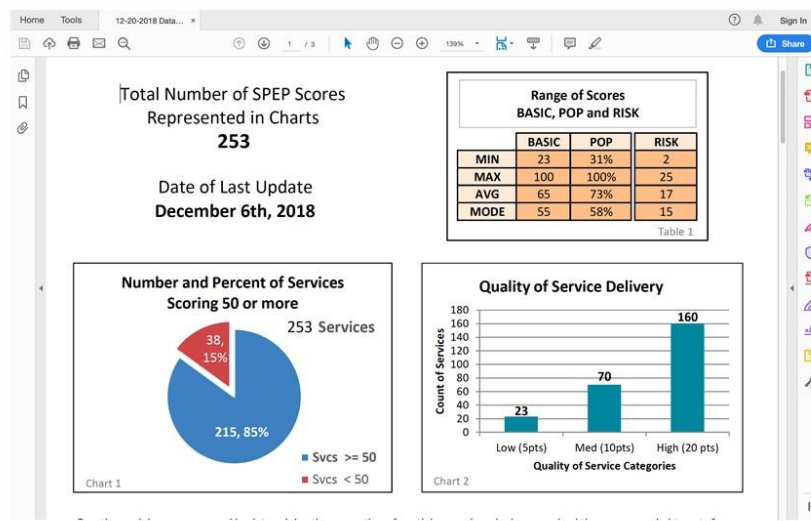
01/16/2016 © 2016 PCCYFS - PROPRIETARY INFORMATION Page 13

Analysis of County Caseworker Benefits

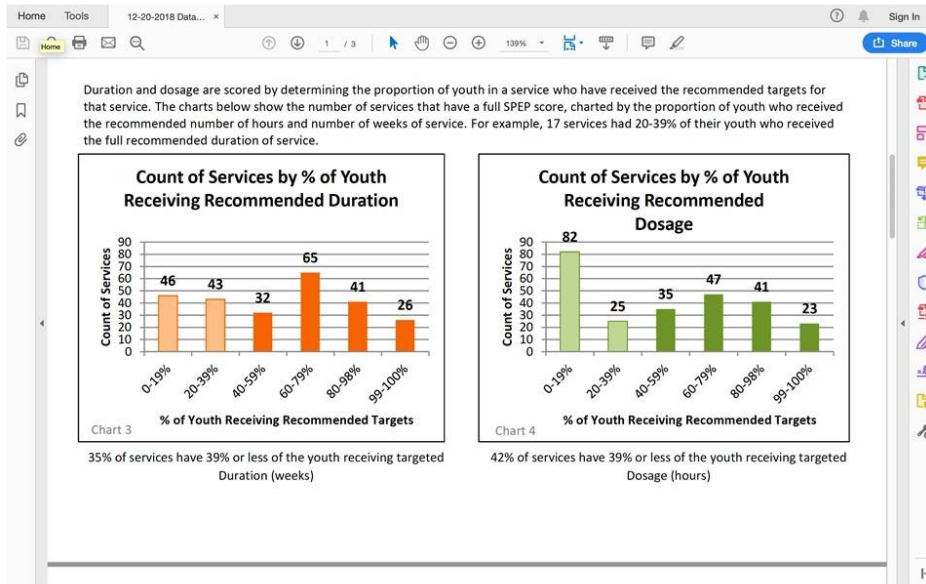
- All counties benefits combined = Salaries 271.3 million/Benefits 150 million calculation for avg at totals is 55%
- If you take each county's percentage and create an avg and median benefits to salary ratio that equals = 44.66% and median 43.30%
- If we take out the top 2 and bottom two counties salaries to benefits % = avg 44.26 and the median remains the same 43.3 %
- PCCYFS 30 providers, different sizes and state regions range was 13-38% with an average of 26%

Child Welfare and JPO Outcomes currently being Collected

Juvenile Justice: SPEP – Quality Assurance and Continuous Improvement



SPEP – Duration and Dosage



C&Y Quality Assurance –PA CSFR 2017 in-home and foster care

- Items are rated individually and then combined for an overall outcome rating in Safety, Permanency and Well-Being
- Safety
 - Outcome 1 (SA = 70%) – Children are, first and foremost, protected from abuse and neglect
 - Item 1 – Timeliness of initiating investigations of reports of child maltreatment
 - Outcome 2 (SA = 70%) – Children are safely maintained in their homes whenever possible and appropriate
 - Item 2 – Services to family to protect children in the home and prevent removal or re-entry into foster care
 - Item 3 – Risk and safety assessment and management
- Permanency
 - Outcome 1 (SA = 22%) – Children have permanency and stability in their living situation
 - Item 4 – stability of foster care placement
 - Item 5 – permanency goal for children
 - Item 6 – Achieving reunification, guardianship or other planned permanent living arrangement (APPLA)
 - Outcome 2 (SA = 78%) – The continuity of family relationships and connections is preserved for children
 - Item 7 – placement with siblings
 - Item 8 – visiting with parents and siblings in foster care
 - Item 9 – preserving connections
 - Item 10 – relative placement
 - Item 11 – relationship of child in care with parents
- Well Being
 - Outcome 1 (SA = 41%) – Families have enhanced capacity to provide for their children's needs
 - Item 12 - needs and services of child, parents and foster parents
 - Item 12A – needs assessment and services to children
 - Item 12B – needs assessment and services to parents
 - Item 12C – needs assessment and services to foster parents
 - Item 13 – child and family involvement in case planning
 - Item 14 – case worker visits with child
 - Item 15 – case worker visits with parents
 - Outcome 2 (SA = 96%) – Children receive appropriate services to meet their educational needs
 - Item 16 – educational needs of the child
 - Outcome 3 (SA = 64%) – Children receive adequate services to meet their physical and mental health needs
 - Item 17 – physical health of the child
 - Item 18 – mental/behavioral health of the child

Child Welfare System Financial Health

Financial Health New York State

- “The reality of this arrangement is that government and the nonprofit child welfare sector are mutually dependent. The child welfare nonprofits that are the subject of this study operate primarily with government funds. At the same time, without these nonprofit organizations, New York State would be unable to carry out its legal responsibility to support children whose needs mandate state protection. The capacity to do so simply does not exist within government.”

(The Financial Health of New York’s Child Welfare Nonprofits, October, 2012)

Financial Health New York State

- “The sector does not fare well when compared against commonly accepted yard sticks of financial well-being for non-profit agencies. Most member agencies have been nimble enough to deal with the financial limitations of their funding sources.” (NY Providers)

(The Financial Health of New York’s Child Welfare Nonprofits, October, 2012)

- NY will not allow you to contract for services unless you meet a certain criteria for liquidity

Limitations of this Group

Areas that need more data and analysis given this groups scope, time and accessibility to data.

- More data of a financial health process that determines what that is and a shared view of what that looks
- How many agencies are running programs in deficits
- Cost of keeping services alive vs cost of quality.
- Comparison programs or like services from other states.
- When making leaps to amount underfunded, it should be couched as a data point not seen as final assumptions.
- We don’t have care days or units of service data. We didn’t have the capability and we are not sure if there is a central place this is being collected. How much service is being delivered?
- An agreed upon independent, unbiased entity to collect this data to provide info in an ongoing way.
- Costs from mandate – there is no mechanism to collect the amount it costs for these mandates

Key Points of Data and Analysis

- What is the ability for standardized data collection regarding RMTF
- Analysis of data is in aggregate form
- Support or deny assumptions regarding provider rates
- This group has come as far as it can, but we are a long way off from the financial health of the system for the health and well-being of children, youth and families.
- Ability to become data driven to meet the needs of county, state and providers and produce positive outcomes to those we serve.
- This group's ability to fully analyze the data is limited. Any good system needs to create data. Whether the reimbursement system is working or not.
- What data are we missing and how we get it?

Recommendations

Challenge:

- Given years of static county per diem rates to private providers, the costs included in provider audits and budget packets are suppressed. Financial reports do not reflect the reality of the true economic costs that are necessary to provide outcome-based services to children and families. This includes costs that are necessary for the recruitment and retention of highly qualified personnel and the purchase of needed resources.
- With audited financial data as the base, year after year, providers are creating budgets based on suppressed costs. It is necessary for the county and state governments to recognize this fact and allow providers additional flexibility in fiscal reporting. Specifically, budgetary data should capture the actual costs required to offer competitive salaries/benefits that align with the current market and allow for meeting expected and unexpected costs.

Recommendation:

- Providers will submit Act 148/IV-E and county budgets that include justifications that detail and represent the real economic costs to offer quality care. This will include equitable salaries for private providers and comparable health as well as retirement plan benefits. Also, projected budgets will estimate the expenses required for appropriate caseloads within private provider agencies to maximize positive outcomes for children. Counties are expected to review and respond to these submission with?

Recommendations

Challenge:

There appears to be a gap in financial information available that details the state's financial support of county governments when compared to private providers. For clarification, fairness and justification, there should be comparable data points that allow for the transparency of county approved funding. More, the state's approved appropriations to pay for children and family services should be readily accessible to private providers. In doing so, there will be a system that enables providers to review the state's approved funding stream as compared to the amount subsequently paid to providers.

Recommendation:

An ongoing oversight committee should be created as an extension of the RMTF. The committee will be responsible for the oversight as well as collection of data points and outputs to be submitted to the Child Welfare Council for review. The information will include, but not be limited to: the financial health of the system, employee turnover, NBPB requests and projections, IV-E documentation reporting status, new mandate funding, and reporting timelines.

Main reasons why there needs to be another committee. Child Welfare Council - resource and cross systems committee Create a charge and accountability of the costs of the system.

Meets the needs of county, provider and state.

Survey to counties how to maximize state dollars. Collect this data.

Post NBPB public for providers and all people can see. Reporting mechanism to see what counties ask for and what they get and did it go to the provider? How do we know?

Survey of what needs to be submitted to understand financials and the data needed to decide on reasonableness.

Appendix P: Provider Request for Needs-Based Budget Inclusion Tool

PROVIDER REQUEST FOR NEEDS BASED BUDGET INCLUSION INSTRUCTIONS

Purpose: Counties submit their fiscal needs to the state August 15th of each year for the following year (approximately 11 months prior to the fiscal year start). Therefore, providers who are requesting changes to their rate structure need to submit considerations 15 months prior to the start of the fiscal year. This process is optional, but strongly recommended for providers and counties to ensure effective communication in the Needs-Based Plan and Budget (NBPB) planning process.

Completion: The Provider Tabs are initiated and completed by the Provider.
The County is completed by the County.

Deadlines: The Provider tabs are to be submitted to the County no later than March 31st.
The County tab is to be submitted to the Provider no later than July 15th. This allows time for additional negotiations prior to the NBPB initial submission on August 15th.

PROVIDER REQUEST FOR NEEDS BASED BUDGET INCLUSION

Provider Due Date to County: March 31st

Request for FY: _____

Name of Provider: _____ Contact Name: _____ Contact Email: _____
 Name of County: _____ Contact Name: _____ Contact Email: _____

1. Current Contracted Rates:

Level of Care	Contracted Rate	Room & Board/Maintenance	Administrative Rate	Allowable %
			\$ -	
			\$ -	
			\$ -	
			\$ -	
			\$ -	
			\$ -	
			\$ -	
			\$ -	
			\$ -	

2. State Approved Posted Rates:

Level of Care	State Approved - Cost of Care	Room & Board/Maintenance	Administrative Rate	Allowable %	Variance of Contract & State Rate
			\$ -	0.0000%	\$ -
			\$ -	0.0000%	\$ -
			\$ -	0.0000%	\$ -
			\$ -	0.0000%	\$ -
			\$ -	0.0000%	\$ -
			\$ -	0.0000%	\$ -
			\$ -	0.0000%	\$ -
			\$ -	0.0000%	\$ -
			\$ -	0.0000%	\$ -

3. Most Recent Requests by Level of Care:

Fiscal Year	Level of Care	Contracted Rate Request	Approved Rate Request (Enter "P" if Pending)

4. Fiscal Year of Previous Requests (over last 5 years):

Fiscal Year	% of Increase Request	County Approved %



PROVIDER REQUEST FOR NEEDS BASED BUDGET INCLUSION

Provider Due Date to County: March 31st

Request for FY:

Name of Provider:		Contact Name:		Contact Email:	
Name of County:		Contact Name:		Contact Email:	

3. Anticipated changes to cost and/or service delivery:

Item	Increase/Decrease Amount	Reason for Change
Healthcare		
Salaries/Wages		
Added Positions		
Rent		
Added Brick & Mortar		
Added Vehicles		
Implementation EBP		
Enhanced IT Needs		
Other		
Other		
Other		
Total Agency Impact:	\$ -	

4A. Annual Number of Child Care Days (CCD)/Days of Care (DOC) based on current fiscal year:

(July 1st of current through February 28th divided by 8 times 12, provides you with an annualized expected total CCD/DOC)

Total CCD/DOC	Average Cost Change Per CCD/DOC
	0.00

4B. County Specific Impact:

County Utilization CCD/DOC	Average Cost Change Per CCD/DOC	Total County Impact
	0.00	\$ -

Provider Due Date to County: March 31st

Request for FY:

Name of Provider:

Contact Name:

Contact Email:

Name of County:

Contact Name:

Contact Email:

7. Anticipated changes to Room & Board/Maintenance: (If your Room & Board/Maintenance is not changing, please indicate your current Room & Board/Maintenance in colu

Level of Care	Room & Board/Maintenance	Total Room & Board/Maintenance Requested Increase	Justification for Increase
	\$ -		
	\$ -		
	\$ -		
	\$ -		
	\$ -		
	\$ -		
	\$ -		
	\$ -		
	\$ -		
	\$ -		

Provider Due Date to County: March 31st

Request for FY:

Name of Provider:		Contact Name:		Contact Email:	
Name of County:		Contact Name:		Contact Email:	

8. Impact to current rate based on expected cost changes:

Level of Care	Current Contracted Rate	General Expected Change	LOC Specific Expected Change	Total Change Based On Expenses
	\$ -	0.00	0.00	0.00
	\$ -	0.00	0.00	0.00
	\$ -	0.00	0.00	0.00
	\$ -	0.00	0.00	0.00
	\$ -	0.00	0.00	0.00
	\$ -	0.00	0.00	0.00
	\$ -	0.00	0.00	0.00
	\$ -	0.00	0.00	0.00
	\$ -	0.00	0.00	0.00
	\$ -	0.00	0.00	0.00

9. Rate Request (based on current and previous rate considerations): Counties please use this box as the rate request for contracting purposes

Level of Care	Previous Rate Request	Total Room & Board/Maintenance Requested	Total Requested Admin Increase	Total Requested Increase	Admin Change % (not including Room & Board)	Total % Increase (includes Admin+Room & Board/Maintenance)
	\$ -	\$ -	\$ -		0.00%	0.00%
	\$ -	\$ -	\$ -		0.00%	0.00%
	\$ -	\$ -	\$ -		0.00%	0.00%
	\$ -	\$ -	\$ -		0.00%	0.00%
	\$ -	\$ -	\$ -		0.00%	0.00%
	\$ -	\$ -	\$ -		0.00%	0.00%
	\$ -	\$ -	\$ -		0.00%	0.00%
	\$ -	\$ -	\$ -		0.00%	0.00%
	\$ -	\$ -	\$ -		0.00%	0.00%

10. Miscellaneous Services: Counties please use this box as the rate request for contracting purposes

Misc. Service	Previous Rate	New Requested Rate



Provider Due Date to County: March 31st

Request for FY:

Name of Provider:

Contact Name:

Contact Email:

Name of County:

Contact Name:

Contact Email:

Provider Comments:

Provider Outcomes:



County Response Due to Provider: July 15th

Request for FY:

Name of Provider:	<input type="text"/>	Contact Name:	<input type="text"/>	Contact Email:	<input type="text"/>
Name of County:	<input type="text"/>	Contact Name:	<input type="text"/>	Contact Email:	<input type="text"/>

1. Person Providing Response:

Name:	Position:	Email:	Phone:
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

2. Thank you for submitting the Provider Request for NBPB Inclusion. As of this date, we intend to submit the following rate changes/requests in the county NBPB as part of an aggregate data set of all Providers. Please note that this is informational only and does not create any express or implied obligation to submit the rate changes/requests as provided below. We will learn of approvals/denials in the spring/summer of next fiscal year and will be open for contracted rate negotiations at that time.

Level of Care	Proposed Rate to State in NBPB
<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>

3. Additional Remarks (If rates are not equal to Provider's request please provide rationale such as lack of County match, review of reasonableness, etc.):