



# Interagency Rates Committee (IRC) Residential Child Care/Child Placement Agency FY2021 Budget Application Tip Sheet

---

## What's New

- Earlier submission deadline to Licensing Agencies
- All providers licensed by DHS should upload all forms needing approval into Citrix by the deadline
- Contact your Licensing Coordinator for questions or concerns.

### **The following budget application forms are due to Licensing Agencies by December 16, 2019**

- Levels of Intensity Score Sheet
  - Levels of Intensity Checklist
  - Personnel Cost Detail Forms (Budget Forms E2-E6)
  - Narrative justifying any staffing related changes, if applicable
  - Staffing Pattern Grid
  - Board Rate Computation Form (TFC, TFC-MF, TMP-TFC Providers Only)
  - Difficulty of Care Computation Form (TFC, TFC-MF, TMP-TFC Providers Only)
- Each staff position must be reported using a **UNIQUE CONTROL NUMBER** on Forms E-2 through E-6. Ranges for same position title will not be accepted to ensure that budgets accurately reflect the number of staff necessary to operate the programs. Contact the staff at the MSDE Interagency Initiatives & Rate Setting if the program budget has more than 40 positions in any of the personnel categories.
  - The formatting for several forms has been updated as fillable templates.
    - Budget Identification Form
    - Checklist
    - Levels of Intensity Score Sheet
    - Program Description Form
    - Lease Mortgage Summary
    - Staffing Pattern Grid
    - Difficulty of Care Computation Form
    - Board of Rate Computation Form

**COMPLETED BUDGET APPLICATION MUST BE POSTMARKED TO MSDE NO LATER THAN FEBRUARY 15, 2020**

All required documents and CD or thumb drive with electronic Budget Application are to be filed with:

**The Maryland State Department of Education  
Division of Early Intervention/Special Education Services  
Interagency Collaboration Branch/Interagency Initiatives & Rates Section  
200 West Baltimore Street  
Baltimore, Maryland 21201  
ATTN: Karen Powell**

## Required Renewal Application Documents

- Checklist
- Budget Identification Form
- Completed FY2021 Budget Application Forms
- Approved Staffing Pattern Grid
- Approved Levels of Intensity Score Sheet
- Approved Staffing Forms (Personnel Cost Detail Budget Forms E2 through E6)
- Copy of the Current Facility License(s)
- Copy of appropriate contract page(s) (Child Placement Agency programs only)
- Lease/Mortgage Summary and Supporting Documentation
- Program Description Form
- 2019 Audited Financial Statement
- Approved Board Rate Computation Form (TFC, TFC-MF, TMP-TFC Providers Only)
- Approved Difficulty of Care Computation Form (TFC, TFC-MF, TMP-TFC Providers Only)
- Written narrative to explain staffing changes, budget line item variances, if applicable

## Filing Instructions

- The Interagency Rates Committee (IRC) will use the postmark date to confirm receipt of the budget application by the due date.
- Hand delivered budget applications **WILL NOT** be accepted at Maryland State Department of Education building.
- If proof of receipt is needed, the program should send the budget via certified mail or delivery services that can provide proof of receipt.

**PLEASE DO NOT INCLUDE ANY BINDER, PAPER CLIPS OR FASTENED FOLDERS**

## Application for Rate Determinations

- Programs that file a complete budget, postmarked by February 15, 2020, will receive an FY 2021 rate prior to July 1, 2020.
- Existing programs that file a renewal rate application after February 15, 2020, but before May 1, 2020 will be held to the FY 2020 approved rate.
- Renewal rate applications filed on or after May 1, 2020, will not be issued a rate for FY 2021 prior to the expiration of the FY 2020 rate on June 30, 2020, and will be held to the FY 2020 approved rate.

## Submission Requirements

- Download the Budget Forms and Instructions from the IRC website <http://marylandpublicschools.org/programs/Pages/Special-Education/IRC/index.aspx>
- Complete the **Budget Identification Form**, **Checklist**, and **Budget Application Form A** and submit with the entire FY 2021 Budget Application Packet. The forms must be signed and dated by the person authorized to sign on behalf of the Corporation.
- Include the email address and telephone number of the appropriate authorized contact and designated contacts to discuss questions about the budget packet.
- Submit two (2) signed hard copies of the Budget Application Form. Include an electronic copy of the Budget Application in Excel 2007 format on a compact disk (CD) or thumb drive in a PC readable format. The Parent Organization and Program Name must be printed on the thumb drive or a case holding the compact disk. **DO NOT PLACE A LABEL ON THE CD.**

## Key Things Need to Know

### BUDGET APPLICATIONS SHOULD BE SUBMITTED TO REFLECT THE ACTUAL ANTICIPATED COSTS.

- A program must have a current rate prior to Contract Award with Maryland State Agencies and Local Management Boards.
- **Residential Program** rates will be set on no less than **90%** of licensed capacity and Shelter program rates will be set on no less than **85%** of licensed capacity.
- **Child Placement Agency** rates will be set based on no less than **90%** of the most current contract capacity.
- Refer to DHS **Policy Directive SSA-CW #19-16, Guidelines for Foster Care Board Rate and Expenditures**, for guidance in completing the Board Rate Computation and Difficulty of Care Computation Forms.
- The **Levels of Intensity (LOI)** and **Staffing Pattern Grid** must be approved by the program's State Licensing Agency. All documents requiring approval must be received by the appropriate Licensing Agency no later than **December 16, 2019**. The approval shall be in the form of the representative's dated signature on the page(s) of the budget. Refer to FY2021 **Residential Child Care Child Placement Agency Provider Instructions** for information about Licensing Agencies.

## Order to Complete Budget Forms



- **Form B-1, Column 3, Line 01a: Fees from Government Agencies**
  - Enter the amount from Form C, line 5 Allowable Cost.
- **Form B-2: Approved FY 2019 Allowable Net Expenses:**
  - Should represent the approved FY 2019 annual rate times the projected FY 2020 census.
- **Form C: Census**
  - Enter the census on which the program budget is based on **Line 6 Projected Average Daily Census FY2021**
  - Enter the census on the program budget for the previous year was based on **Line 10 Average Daily Census for Calendar Year 2019**
  - Line 6 should not be less than the Line 10 without a written explanation for the change.
- **Form C: Current Rates**
  - Please remember to refer to your current Rate Letter.
- **Form C: Billable Days:**
  - This does not mean calendar days. Use the combined total of the number of days each youth was in care and the subsequent number of days the agency billed for services.
- **Form A: Capacity:**
  - **Residential Programs** must enter the actual number of beds for which the program is licensed and attach one copy of the license issued to each facility/location;
  - **Child Placement Agency Programs** must enter the most current contract capacity and attach a copy of the Contract rate appendices that show the current rate and capacity.

**THE "CAPACITY" ENTERED ON BUDGET FORM A, SECTION II: CENSUS INFORMATION WILL BE THE "CAPACITY" THAT APPEARS ON THE RATE LETTER.**

- **Warning/Error Messages:**
  - If there is a warning or error message shown on budget pages, you must determine the cause of the message and resolve it **PRIOR** to submission of the budget.
- **Required Narratives:**
  - Include written narrative to explain the variance for any expense items that change by \$1,000 and/or 4% (increase or decrease) from the previous year;
  - Explain any expenses that are not self-explanatory and/or include multiple cost items (i.e., Contracted Services, Other, Depreciation, Travel, etc.);
  - Describe the reason for any personnel changes (classification, salary increases, numbers of positions, hours worked, etc.)

## Budget Application Review

- The MSDE Interagency Initiatives & Rate Section will review all budget applications for completeness, accuracy and consistency.
- The MSDE Interagency Initiatives & Rate Section may request additional information on any aspect of the budget application.
- If the budget package is incomplete, program staff (Chief Administrative Officer, Chief Financial Officer, and/or Budget Preparer) will receive an email notification identifying the missing or incomplete items. The email notification will identify a due date for response.
- The Licensing Agency will be copied on this notification email.
- Programs with incomplete budget applications will be held to the FY 2020 rate.

## Role of the Interagency Rates Committee

The rate process incorporates these three steps:

- MSDE Interagency Initiatives & Rate Section reviews each filed budget.
  - Programs will be contacted regarding incomplete packets and/or to correct omissions or errors, if necessary.
  - Program budgets are grouped by program type categories;
- Programs are compared within categories utilizing Care and Supervision LOI and direct child care costs; and
- The IRC applies the Rate Setting Methodology to each program to determine the final rate.

## Rate Setting Methodology

**Program budgets submitted form the basis for the application of the rate setting methodology.  
The rate methodology is a comparative analysis applied to all programs within a program type.  
This allows for the comparison among "like" providers.  
Each program is reviewed by the IRC and evaluated according to the methodology.**

1. MSDE Interagency Initiatives & Rate Section reviews the applications for completeness and accuracy.
2. Each Excel program budget is validated and then uploaded into the methodology spreadsheet according to program type category.
3. Within categories, providers are compared by the CARE AND SUPERVISION LOI and DIRECT CHILD CARE COSTS.
4. Cost comparisons also include a PROPORTIONATE PERCENTAGE of costs allocated as management and general.
5. The methodology compares the provider costs to the calculations for the average and standard deviations of "like" providers within program type categories.
6. Final rates are determined depending on where providers fall in comparison to "like" programs.
7. Programs are identified as *preferred* or *non-preferred* by comparing each program with the mean value of the category's allocated direct care net expenses.
8. Per the methodology, providers within program type categories are designated as *preferred* programs and are granted the full requested rate when the projected allocated direct care rate is equal to or below the mean projected rate for their CARE AND SUPERVISION LOI category.
9. *Preferred* programs that fall above the mean for their CARE AND SUPERVISION LOI category are granted a rate equal to the previous year's rate plus an amount equal to the federal CPI-U for the previous calendar year.
10. *Non-preferred* programs above one standard deviation from the mean for their CARE AND SUPERVISION LOI category are held to their previous year's rate.
11. If the methodology identifies a provider as *non-preferred*, based on the requested budget application, the program will be notified prior to final rate setting and will have the option to re-submit a budget application.
12. DHS and DJS representatives (contracting and placing agencies) both report that *non-preferred* status does not impact individual program contracts or placements.
13. Final rates are subject to adjustments based on the Budget Reconciliation and Financing Act (BRFA) approved by the Maryland General Assembly.

## **Technical Assistance**

Contact the staff of the Interagency Rates Committee/MSDE Interagency Initiatives & Rates Section at:

**Karen Powell, MS, LCSW-C**

**Section Chief, Interagency Initiatives**

Phone: (410) 767- 0233

Fax: (410) 333-0298

[karen.powell2@maryland.gov](mailto:karen.powell2@maryland.gov)