



# Interagency Rates Committee (IRC) Residential Child Care/Child Placement Agency FY2022 Budget Application Tip Sheet

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## What's New

- Only one signed copy of Budget Workbook Forms is required
- [Schedule Technical Assistance Consultation Session](#) to complete budget application
- Expanded position numbers on the **Position Numbering Schedule**
- **Lease Mortgage Summary** permits calculation entry for changes to terms of agreements
- Tabs added to **Staffing Pattern Grid** to capture different timeframes during the fiscal year
- Amended checklist for Non-Residential (NR) programs

### The following budget application forms are due to Licensing Agencies by January 15, 2021:

- 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)

### Fillable Templates:

- [Rate Application Checklist](#)
- [Non-Residential Checklist](#)
- [Budget Identification Form](#)
- [Levels of Intensity Score Sheet](#)
- [Program Description Form](#)
- [Lease Mortgage Summary](#)
- [Staffing Pattern Grid](#)
- [Difficulty of Care Computation Form](#)
- [Board Rate Computation Form](#)

**COMPLETED BUDGET APPLICATION MUST BE POSTMARKED TO MSDE NO LATER THAN FEBRUARY 15, 2021**

**Note: Required documents MUST be mailed and MAY NOT be hand delivered**

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, 9<sup>th</sup> floor  
Baltimore, Maryland 21201  
ATTN: Karen Powell**

## Required Rate Application Documents to submit to MSDE




- FY 2022 Checklist
- FY 2022 Non-Residential Checklist (NR Providers Only)
- Budget Identification Form
- Completed [FY 2022 Budget Workbook 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 Child Care License, Accreditation or Certification for Residential or Non-Residential Education Program(s)
- Copy of appropriate most current state contract page(s)
  - Child Placement Agencies
  - Non-Residential Programs
- Lease/Mortgage Summary and Supporting Documentation
- Program Description Form
- 2020 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 as separate Word document to explain staffing changes and budget line item variances, if applicable

## Filing Instructions

- The postmark date will be used to confirm receipt of the rate application by the due date.
- Hand delivered budget applications WILL NOT be accepted at Maryland State Department of Education.
- 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

Postmarked by February 15, 2021		<ul style="list-style-type: none"><li>• FY 2022 rate before July 1st</li></ul>
After February 15, 2021 before May 1, 2021		<ul style="list-style-type: none"><li>• Held to FY 2021 approved rate</li></ul>
After May 1, 2021		<ul style="list-style-type: none"><li>• No rate approved prior to expiration of the FY 2021 rate on June 30, 2021</li><li>• Held to the FY 2021 approved rate</li></ul>

## Submission Requirements

- Download the Rate Application Forms and Instructions from the [IRC Website](#).
- The **Budget Identification Form**, **Checklist**, and **Budget Application Form A** must be signed and dated by the person authorized on behalf of the cooperation with completed submission of the FY 2022 rate application.
- Use the **Checklist** to verify submission of all the required documents.
- Include the email address and telephone number of the budget preparer or the appropriate authorized contact designated to discuss questions about the rate application package.
- Submit one (1) signed copy of the Budget Worksheet Forms. 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 You Need to Know

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

- Refer to the [FY 2022 Provider Instructions](#) for completing the rate application
- A program must have a current rate prior to Contract Award with Maryland State Agencies and Local Management Boards.

### Projected Average Daily Census (minimum requirements)

Residential Programs	90% licensed capacity
Shelters	85 % licensed capacity
Child Placement Agencies	90% current contract capacity
Non-Residential	85% current contract capacity unless otherwise instructed

- 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 **January 15, 2021**. The approval shall be in the form of the representative's dated signature on the page(s) of the budget.

## Position Numbering Schedule

- Each person employed as a salaried staff or consultant/contractor must be listed on Forms E-2 through E-6 using the unique control number. Refer to the Provider Instructions (Pages 9-18).
- Ranges for same position title will not be accepted to ensure that budgets accurately reflect the number of staff necessary to operate the programs.
- Expanded Budget Workbook Forms are available if the program budget has more than 40 positions in any of the personnel categories. Contact the Rate Section to request the Expanded Budget Workbook Forms

## 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 2020 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 2020**
  - 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 & Non-Residential 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**

## Budget Justification

- Include a Word document to explain any income (Form B-1) or expenses (Form B-2) that changes by \$1,000 (increase or decrease) and/or 4% (increase or decrease) from the FY 2021 Actual Budget and FY 2022 Projected Budget. DO NOT add a tab to the workbook or enter text in any of the cells to explain the variance.
- The omission of the budget justification for the variance is a common error returned for corrections. Attach a written explanation for any expense that changes by \$1,000 (increase or decrease) AND/OR 4% (increase or decrease) from the previous year.
- A written explanation for any staffing changes and lease mortgage special circumstances must also be outlined in this document.
- Form B-2, any expenses listed on Line 5 (Contracted Services) and/or Line 28 (Other) must include an itemized explanation.
- DO NOT add additional spreadsheets to explain the budget or add text to the cells within rate application workbook. This will cause validation errors when program budgets are uploaded into the rate setting methodology. Budget workbooks submitted with altered template formulas, cells, or spreadsheets will be returned for correction. 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.).

## Rate Application Review

- The Rate Section reviews all budget applications for completeness, accuracy, and consistency.
- Additional information on any aspect of the budget application may be requested.
- If the rate 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 2021 rate.

## Common Mistakes to Avoid

Incomplete submissions	No contact information	Not referencing the FY 2021 rate letter for current rate	Missing lease/mortgage supporting documentation
Missing contract pages	Different amounts on budget and supplemental forms	Licensing approvals don't match	No budget justification
Only one CD for agency with multiple programs	Enter calculations in cells & add spreadsheets to workbook	Incorrect proportion of staff hours & position numbers	Lack of timely response to follow-up inquires

## Role of the Interagency Rates Committee

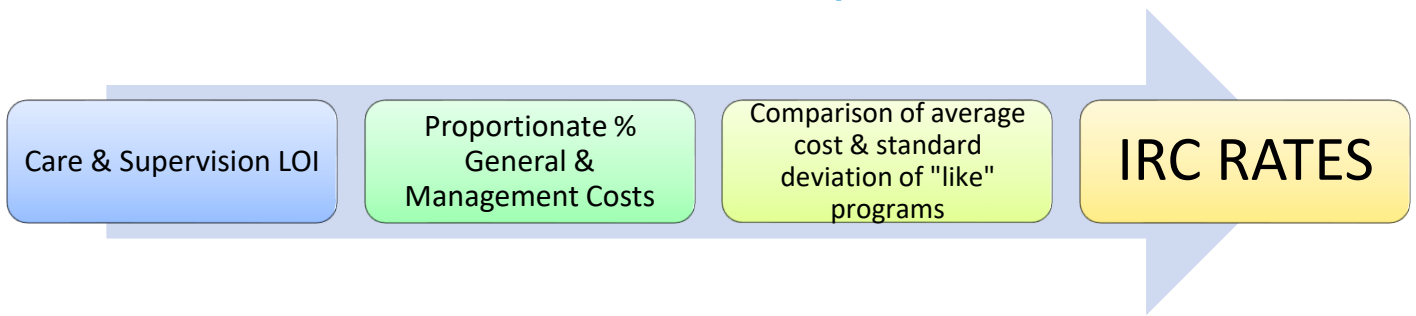
The rate process incorporates these three steps:

- MSDE Interagency Initiatives & Rate Section reviews and validates each **Budget Workbook**.
  - Programs will be contacted regarding incomplete packets and/or to correct omissions or errors, if necessary.
  - Program budgets are grouped by program type categories.
- The Rate Section validates and complies the results of the rate setting methodology algorithm for each program category for the IRC to review.
- The IRC reviews the analysis and applies the results of the rate setting methodology algorithm to each program to establish the final rates.

## Rate Setting Methodology

- The rate setting methodology algorithm is a comparative analysis that evaluates the cost to care for children placed in each provider program.
- The **Budget Workbook Forms** submitted are the basis of applying the methodology to establish the rates.
- The **Budget Workbook Forms** for each rate application are validated and then uploaded into the rate setting methodology algorithm according to program type category.
- The two-step process determines the rate and the preference status.
- The program budget requests are grouped by category and ranked by the mean rate for each category as well as the standard deviation from the category mean.
- The methodology compares the average standard deviation of costs with the direct service costs for Care and Supervision Level of Intensity (LOI) and a proportion of the management expenses.

### Rate Determination Step



- Each budget request is ranked again within the respective categories.
- The level of intensity scores within the categories are ranked with weight given to the **Care and Supervision LOI**. This forms the basis for the preference designation.

### Preferred Provider Status Designation Using the Methodology

- A program may be given “*preferred provider*” status if program expenses and **Care and Supervision LOIs** do not differ significantly from similar programs.
- The “*preferred provider*” designation demonstrates to purchasing agencies that the program is cost effective in relation to its peers and provides an appropriate mix and intensity of services for the program type.
- A new program will not be issued a rate if the calculation of the provider status is “*non-preferred.*”

### Preference Determination Step

- 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.
- 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.
- “*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.
- “*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.
- 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.

## PREFERRED RATE

- Projected Direct Care Costs =/< Mean Projects LOI
- Requested Rate

## PREFERRED RATE

- Projected Direct Care Cost > Mean Projected LOI
- FY 2021 Rate + Federal CPI-U previous year

## NON-PREFERRED RATE

- Projected Direct Care Cost > Above 1 Standard Deviation Mean Projected LOI
- Held to FY 2021 Rate

- Final rates are determined depending on where providers fall in comparison to "like" programs.
- State agencies determine the parameters of contractual standards for providers deemed "preferred" or "non-preferred."
- DHS and DJS representatives (contracting and placing agencies) both report that "non-preferred" status does not impact individual program contracts or placements.
- The preference designation is omitted for specialty programs or populations, such as the Miscellaneous (MISC) and Education categories.
- 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

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Refer to the [FY 2022 Rate Application Technical Assistance Registration](#) link to schedule an appointment for a TA consultation.