

**FY 2018  
Residential Child Care  
Child Placement Agency  
Provider Instructions**

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**Updated 11/2016**

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## Submission of Budgets for the Fiscal Year 2018 – Overview

**The budget forms for FY 2018 have been revised. Only budgets filed on the FY 2018 forms will be accepted. Budgets filed on earlier forms will be returned without review.**

Rates are set for the fiscal year beginning July 1 of each year and ending June 30 of the following year. If your program had rates issued previously, **you must file a renewal budget application for each fiscal year.** Programs that do not file a renewal application will not receive a rate for the beginning of the next fiscal year. Please remember: Rates expire at the end of the current fiscal year.

The renewal application includes the Checklist, Budget Identification Form, Individual Budget Forms, Staffing Pattern Grid, Levels of Intensity Score Sheet, copy of the Current Facility License(s), Lease/Mortgage Summary, Program Description Form, 2016 Audited Financial Statement, Board Rate Computation and Difficulty of Care Computation Forms (TFC or TFC/MF programs only), and narrative explaining budget line item variances, if applicable. All budget packages must include:

- An electronic copy of the FY 2018 Budget in **Excel 2007 format**. The budget must be on a compact disk (CD) or thumb drive in a PC readable format. The Parent Organization and Program Name must be printed on the media or a case holding the media. Do not place a sticker or other label on the CD. If submitting more than one (1) rate application packet, please submit a CD or thumb drive with each submission. Budgets for multiple programs **shall not** be submitted on the same CD or thumb drive.
- Forms in paper format
  - **TWO** copies of the FY 2018 Budget signed and dated by the person authorized by the corporation to sign on its behalf.
  - **ONE** copy of all other required forms.
- **Licensing agency approvals**
  - Levels of Intensity (LOI) and staffing related forms must be approved by a representative of the Program's State licensing agency. The approval shall be in the form of the representative's dated signature on each document, as appropriate. It is imperative that the following forms be submitted to the appropriate agency **no later than January 16, 2017**:
    - LOI Score Sheet
    - LOI Checklist
    - Budget Forms E2 through E6 (Please note: Changes in classification, numbers of positions, or hours worked may have an impact on the levels of intensity of services. A written narrative justifying any of the identified changes must be attached to the forms and included as part of the submission to the licensing agency. A copy of the narrative should also be included with the complete rate application packet submitted to the IRC.)
    - Staffing Pattern Grid (if staffing hours are being increased or decreased, please also submit a letter of summary with justification for changes)
    - *TFC providers must also include the Board Rate Computation and Difficulty of Care Computation forms*

- The Department of Human Resources (DHR), Office of Licensing and Monitoring (OLM) will review the LOIs and staffing for all programs licensed by DHR.
  - The Department of Juvenile Services (DJS) will review the LOIs and staffing for all programs licensed by DJS.
  - The Behavioral Health Administration (BHA) will review the LOIs and staffing for all programs licensed by DHMH as Therapeutic Group Homes.
  - The Developmental Disabilities Administration (DDA) will review the LOIs and staffing for all programs licensed by DHMH/DDA that have children/youth placed by DHR and DJS.
  - Please be aware that providers who fail to comply with the deadline noted above may not have all necessary approvals for a complete budget packet required by February 15, 2017, for submission to the Interagency Rates Committee (IRC).
- All forms must include the name of the Parent Organization and Program.

A program must have a current rate prior to Contract Award with Maryland State Agencies and Local Management Boards.

**BUDGET FILING INSTRUCTIONS FOR ALL PROGRAMS:**

All required forms and CDs or thumb drives are to be filed with:

The Maryland State Department of Education  
 Division of Special Education/Early Intervention Services  
 Interagency Initiatives & Rates Section/Interagency Collaboration Branch  
 200 West Baltimore Street  
 Baltimore, MD 21201  
 Attn: Sheila Philip

**and must be postmarked no later than February 15, 2017.**

**Budget packet(s) cannot be hand delivered to the Maryland State Department of Education building. If a receipt is required, it is recommended that the budget package(s) be mailed return receipt requested. The IRC will use the postmarked date to determine if a budget has been filed by the due date.**

1. Programs that file a complete budget by February 15, 2017, will receive a FY 2018 rate prior to July 1, 2017.
2. Existing programs that file a renewal rate application after February 15, 2017, but before May 1, 2017, will be held to the FY 2017 approved rate.
3. Renewal rate applications filed on or after May 1, 2017, may not be issued a rate for FY 2018 prior to the expiration of the FY 2017 rate on June 30, 2017.

## Instructions for Completing Budget Forms

Before completing budget forms, carefully read the following instructions. Also refer to the *Cost Guidelines*, as appropriate.

### A. General Instructions

1. Organizations that operate multiple programs of the same type (group home, Hi-Intensity group home, therapeutic group home, shelter, alternative living unit, teen mother program, etc.) may file separate budgets for each program **or** a consolidated budget for all the programs of the same type. In either case, the budget filing must include a copy of the current license for each program. Consolidated budgets may **ONLY** be submitted for programs that have identical LOIs.

Organizations that operate multiple programs of different types must file separate budgets for the different program types. Each budget filing must include a copy of the current license.

As an example, an organization that operates three therapeutic group homes may file separate budgets for each home or file a consolidated budget for all the homes, if LOIs for each home are the same. An organization that operates a teen mother program, a shelter, and a small group home must file separate budgets for each program. Budget filings must include a copy of the current license for each facility.

2. A separate set of budget forms must be completed for each approved Type III or Type I General Education school program.
3. Round all yearly and monthly calculations to the nearest whole dollar. Any amount equal to \$0.50 or less should be rounded down to the next whole dollar. Any amount equal to \$0.51 or over should be rounded up to the next whole dollar.
4. Round all daily rate calculations to the nearest cent. Any amount equal to \$0.005 or less should be rounded down to the next whole cent. Any amount equal to \$0.0051 or over should be rounded up to the next whole cent.
5. The Parent Organization, Program Name and fiscal year to which the budget applies must be included on each form.
6. **The budget forms should be completed in the following order: Forms E-2 through E-6, Form E-1, Form D, Forms B-1 and B-2, Form C, Form A.**

## B. Forms in Electronic Format

As the budget will be shared with the appropriate licensing or purchasing agencies, **two (2)** paper copies of the Budget forms signed by the person authorized by the Corporation to sign on its behalf must be filed.

- The Budget must be filed in electronic format as an Excel Spreadsheet
- Media must be a Compact Disk (CD) or thumb drive in a format that can be read on a PC
- The Parent Organization and Program Name must be printed on the media or on a case holding the media. **Do not use a label on the CD.**

The budget forms are in **Excel 2007** format and have not been tested with other programs. If using the budget forms with other programs or later versions of Excel, be sure to save the spreadsheet in Excel 2007 format or it will be returned to you.

When using the spreadsheet, data entered in certain fields will automatically be entered into other fields. In addition, certain calculations will be performed automatically. This will reduce the amount of data that must be entered manually and will improve the accuracy of the budget filing. The instructions for the individual budget forms will note where these automatic transfers and calculations take place. In order for the data transfers and calculations to function correctly **DO NOT ADD OR DELETE ANY ROWS, COLUMNS, OR CELLS IN THE SPREADSHEET. ONLY enter numbers or text, as appropriate. DO NOT enter any numerical calculations or formulas within a cell. Budgets submitted with altered template formulas or altered cell formats are returned to the provider.**

## C. Budget Forms

The instructions are in the order in which the forms should be completed.

### 1. Forms E-2 through E-6 Personnel Cost Detail

Aggregate personnel cost is the largest budget item for child care providers. It is essential that these costs be reported accurately and completely. Carefully review the following instructions before completing the budget filing.

These forms identify individual positions, annual hours worked, annual salary, and identify the position as salaried staff (s) or consultant/contractor (c). Forms E-2 through E-6 are identified as:

E-2	Management, General & Facility Support
E-3	Direct Child Services
E-4	Education
E-5	Medical
E-6	Clinical

For purposes of budget filings, all personnel must be assigned to one of five categories: Management, General & Facility Support; Direct Child Services; Education; Medical; or Clinical. A list of position titles and the personnel category they are assigned to follows in the Position Numbering Schedule (page 7).

The detailed budget forms for personnel, Forms E-2 through E-6, have room for forty (40) entries each. If the program budget has more than 40 positions in any of the personnel categories, please contact the staff of the Interagency Rates Committee/Interagency Initiatives & Rates Section. For contact information, see page 24, Getting Help. Do not add or delete rows to any form in the spreadsheet.

Staffing must be approved by a representative of the Program's State licensing agency. The approval shall be in the form of the representative's dated signature on the page(s) of the budget that includes staff.

Any management and general position(s) that have been vacant for more than 60 calendar days during the current fiscal year must be listed on the appropriate detailed budget for personnel (Form E-2). The same unique position number should be used to consistently identify the position(s). Enter "vacant" next to the position title (column 2). Include an explanation on a separate page that clearly states the reason and duration of the vacancy for any salaried staff and/or consultant position(s). In column 3, enter the actual (not budgeted) annual number of hours worked and the actual annual salary for the current year. If it is anticipated that the vacant position will be filled in the projected year, include in column 4 the annual number of hours projected to be worked and the projected annual salary.

The forms are to be filled out as follows:

- (a) For each person employed as salaried staff or consultant/contractor, determine the position number, title, and appropriate personnel category using the Position Numbering Schedule (page 7). Using the appropriate personnel cost detail form, Forms E-2, E-3, E-4, E-5, or E-6, enter the following information:
- (b) In column 1, enter the unique control number assigned to each position (Position Numbering Schedule, page 7). Should the position be allocated across several programs, the same control number should be used consistently to identify the position. In addition, the same control number should be used in budget submissions in the future.
- (c) Each position should be listed on a separate line using the Position Numbering Schedule contained in the Position Numbering Schedule (page 7) of this section.
- (d) In column 2, list the title of the position, e.g. Executive Director, Social Worker, Child Care Worker, etc. Vacant positions should be marked vacant.

(e) In column 3, enter the **approved** (not budgeted) **annual number of hours** worked and the **approved annual salary** or consulting fee paid for the **current fiscal year**.

(f) In column 4, enter the **annual number of hours** projected to be worked and the projected **annual salary** or consulting fee for the **budget year**.

Please note: Changes in classification, numbers of positions, or hours worked may have an impact on the levels of intensity of services. A written narrative justifying any of the identified changes must be attached to the forms and included as part of the submission to the licensing agency. A copy of the narrative should also be included with the complete rate application packet submitted to the IRC.

(g) In column 5, calculate the change in annual hours and annual salary or consulting fee between column 3 and column 4. **The spreadsheet will do this automatically.**

(h) In column 6, calculate the percent change in annual hours and annual salary or consulting fee between column 3 and column 4. **The spreadsheet will do this automatically.**

(i) In column 7, enter "S" if this is a salaried staff position or "C" if this is a consultant/contracted position.

#### Salaried Staff and Consulting/Contractual Positions

The personnel cost detail forms (E-2 through E-6) must include all personnel that belong in that category, including consulting/contractual personnel. As an example, fiscal services staff are assigned to the Management, General, & Facility Support personnel category.

If one of the program's fiscal service personnel is in a salaried staff position, column 1 will have a position number between 020 and 029. Columns 3 through 6 will be completed as noted above and column 7 will have an S entered.

If one of the fiscal service positions is a contractual position, columns 1 through 6 will be filled out as above and column 7 will have a C entered. Annual hours worked and annual consulting/contractual compensation must be entered.

#### Working Supervisors

Depending on the type of work performed, supervisors may be assigned to the Management, General & Facility Support personnel category, as well as one or more of the other personnel categories. Use the following method to determine the appropriate category to assign supervisors.

If a supervisor performs both supervisory duties and, in addition, works directly with children, or performs other operating aspects of the job, assign the proportional amount of her/his working hours to the appropriate personnel category (E-2, E-3, E-4, E-5, E-6). Use the



same position number and name for the supervisory position, as shown in the Position Numbering Schedule below, in all the personnel categories in which she/he works.

For example, if the Child Care Supervisor works 2,080 annual hours (a 40 hour week) and works directly with children for 208 hours annually (4 hours a week), assign 90% of that persons annual hours and salary in the Management, General & Facility Support personnel category (Budget Form E-2) and 10% of that persons annual hours and salary to the Direct Child Services personnel category (Budget Form E-3). Use a position number in the 500 – 510 range and a child care supervision title.

Other Contracted Functions

Contracted professional positions such as fiscal, direct child services, educational, medical, clinical, and dietary are to be entered in the appropriate personnel cost detail category as noted above. Other contracted positions such as lawn care, pest control, etc. are entered on budget form D Allocation of Expenses by Function – Summary, line 05 Contracted Services (non-personnel).

In order for the data transfers and calculations to function correctly, **DO NOT ADD OR DELETE ANY ROWS, COLUMNS, OR CELLS IN THE SPREADSHEET.**

Position Numbering Schedule

This section of the manual provides the numbering sequence for the positions listed in the budget on Budget Forms E-2 through E-6.

**Position Number                      Position Name                      Personnel Category/Budget Form**

<p><b>001</b></p>	<p><b>Chief Administrative Staff</b> (Administrator, Chief Administrator, Director, Executive Director)</p> <p>The agency’s chief administrative officer. The person responsible for the agency’s overall day to day operations. <i>(Note: There shall be only one person in each agency with this designation).</i></p>	<p>Management, General &amp; Facility Support</p> <p>Form E-2</p>
<p><b>002 -</b> <b>005</b></p>	<p><b>Assistant Chief Administrator</b> (Assistant Administrator, Assistant Chief Administrator, Assistant Director, Assistant Executive Director)</p> <p>The second highest administrative officer in the agency. Person who has responsibility for the day to day administration of a broad aspect of the agency’s programming, e.g. several departments. <i>(Note: In order to have an assistant administrator, the agency must have distinct divisions or departments for which the assistant</i></p>	<p>Management, General &amp; Facility Support</p> <p>Form E-2</p>

	<i>administrator has day to day management responsibility).</i>	
<b>020 – 029</b>	<b>Fiscal Services Staff</b> (Finance Officer, Staff Accountant, Bookkeeper)  Staff positions responsible for the agency’s fiscal affairs.	Management, General & Facility Support  Form E-2
<b>030 - 039</b>	<b>Administrative Support Staff</b> (Administrative Aide, Administrative Assistant, Secretary, Clerk)  Support staff positions that primarily relate to the agency’s overall day to day management. These positions should be distinguished from the fiscal support of program support staff.	Management, General & Facility Support  Form E-2
<b>040 - 049</b>	<b>Fiscal Support Staff</b> (Accounts payable clerk, Accounts receivable clerk, Fiscal clerk)	Management, General & Facility Support  Form E-2
<b>050 – 059</b>	<b>Program Service Delivery Support Staff</b> (Administrative Aide, Administrative Assistant, Typist, Secretary, Clerk)	Management, General & Facility Support  Form E-2
<b>099</b>	<b>Miscellaneous Administrative Staff</b> Assign the 099 staff code to administrative positions that are not defined by any of the other staff codes. This includes IT staff.	Management, General & Facility Support  Form E-2
<b>200 – 229</b>	<b>Program\ Campus Management Staff</b> (Program Director, where the Program Director is not the Director of Social Work; Residential Director, Director of Campus Life)  Mid-level professional management staff positions responsible for the day to day management of a broad segment of the agency’s program operations, excluding the direction of social work or clinical services.	Management, General & Facility Support – Form E-2 /Direct Child Services – E-3 Assign hours and salary proportionally if the person also works directly with children or performs other operating aspects of the job.
<b>300 - 310</b>	<b>Social Work Supervision</b> Professional staff responsible for the supervision of the agency’s program of social work services. <i>(Note: Social work supervisors must have the appropriate professional credentials and an agency must have more than one social worker position to have a social work supervisor position).</i> These staff should be allocated in the same way that their	Management, General & Facility Support – Form E-2 /Direct Child Services – E-3 / Clinical – E-6 Assign hours and salary proportionally if the

	staff are allocated unless they are working supervisors (discussed earlier in document).	person also works directly with children or performs other operating aspects of the job.
<b>400 – 410</b>	<b>Therapeutic Services Supervision</b> Non-social work professional staff responsible for supervising the agency’s non-social work clinical services program. <i>(Note: Staff must have the appropriate professional credentials. The agency must have more than one clinical staff position in order to have a clinical supervisory position).</i> These staff should be allocated in the same way that their staff are allocated unless they are working supervisors (discussed earlier in document).	Management, General & Facility Support – Form E-2 /Direct Child Services – E-3 / Clinical – E-6 Assign hours and salary proportionally if the person also works directly with children or performs other operating aspects of the job.
<b>500 – 510</b>	<b>Child Care Supervision</b> Professional staff responsible for the supervision of the agency’s child care staff.	Management, General & Facility Support – Form E-2 /Direct Child Services – E-3 Assign hours and salary proportionally if the person also works directly with children or performs other operating aspects of the job.
<b>700 – 710</b>	<b>Education Services Administration</b> Professional Staff responsible for the planning and supervising the agency’s program of education services.	Management, General & Facility Support – Form E-2 /Direct Child Services – E-3 Assign hours and salary proportionally if the person also works directly with children or performs other operating aspects of the job.
<b>320 - 339</b>	<b>Social Work Staff</b> Professional staff responsible for conducting the Agency’s program of social work services. <i>(Note: Social work staff must have the appropriate professional credentials).</i> Social Work staff may provide Direct Child Care Services or	Direct Child Services - Form E-3 / Clinical – E-6

	Clinical services or both. Generally, staff who are licensed mental health professionals are the only ones who would provide clinical services. Staff certified in behavioral management but whose primary role is child care are not considered to be providing clinical services. Clinical services are described on the Service Array Summary below this table.	
<b>420 – 429</b>	<b>Clinical Services Staff</b>  Non-social work professional staff responsible for conducting the agency’s program of non-social work clinical services. Clinical Services staff may provide Direct Child Care services or Clinical services or both. Generally, staff who are licensed mental health professionals are the only ones who would provide clinical services. Staff certified in behavioral management but whose primary role is child care are not considered to be providing clinical services. Clinical services are described on the Service Array Summary below this table.	Direct Child Services - Form E-3 / Clinical – E-6
<b>520 – 699</b>	<b>Child Care Staff</b> Staff responsible for the direct care and supervision of the agency’s client population.	Direct Child Services  Form E-3
<b>900 – 929</b>	<b>Recreation Staff</b> Staff responsible for providing recreational services as part of the therapeutic environment.	Direct Child Services  Form E-3
<b>720 – 739</b>	<b>Educational Services Staff</b>  Professional staff responsible for providing educational services to the client population.	Education  Form E-4
<b>800 – 849</b>	<b>Medical Services Staff</b>  Professional staff responsible for providing medical services to the client population.	Medical  Form E-5
<b>120 – 129</b>	<b>Food Service Supervision</b>  Staff responsible for supervising the preparation and serving of meals.	Management, General & Facility Support  Form E-2
<b>130 – 139</b>	<b>Food Service Workers</b>  Staff responsible for the preparation and serving of meals.	Management, General & Facility Support  Form E-2
<b>140 – 149</b>	<b>Maintenance Supervision</b>  Staff responsible for supervising the maintenance and upkeep of the agency’s building and grounds.	Management, General & Facility Support  Form E-2

150 – 169	<b>Maintenance Staff</b>  Staff positions responsible for the maintenance and upkeep of the agency’s buildings and grounds.	Management, General & Facility Support  Form E-2
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The MD Residential Rehabilitation and Treatment Foster Care Services Description of Provider Type and Service Array document is a detailed document describing Maryland’s array of rehabilitative services. Within that rehabilitative services array are what are considered to be clinical services. On pages 2 and 3, clinical services are generally described and a bulleted list is included. All services except case management are considered to be clinical when provided by a licensed mental health professional. Pages 6 – 13 of the document go into more detail on specific services. For purposes of budget preparation, the following service areas are considered clinical:

- Behavior Management when provided to children by staff who are licensed mental health professionals
- Counseling
- Crisis Intervention
- Psychotherapy
- Supportive Counseling

The following services are considered Direct Child Care

- Behavior Management when provided by staff whose primary function is child supervision
- Case Management & Coordination
- Family Services
- Independent Psychosocial Skills Training
- Medication unless provided by LPN, RN or MD, in which case these staff / services should be included in Medical Services
- Therapeutic Recreation

**2. Form E 1 - Personnel Cost SUMMARY:**

This form summarizes the hours worked and salary for all the positions entered on Budget Forms E-2 through E-6, Personnel Cost Detail for the projected budget and the currently approved budget. **The spreadsheet will transfer the data from Forms E-2 through E-6 onto Form E-1 automatically.**

In column 3 of Form E-1, enter the Total Annual Hours Worked and Total Annual Salary from Forms E-2 through E-6 (column 3).

In column 2 of Form E-1, enter the Total Annual Hours Worked and Total Annual Salary for the personnel categories from the program’s current approved budget.

In columns 4 and 5, calculate the change and percent change from the current approved budget (column 2) to the projected budget (column 3). **The spreadsheet will perform this calculation automatically when columns 2 and 3 are filled in.**

- 3. Form D - Allocation of Expenses by Function - SUMMARY:** This form summarizes the total expenses by line item and the allocation of expenses into categories for Management, General & Facility Support, Direct Child Services, Education, Medical and Clinical.

**Allocation should be made on the basis of Generally Accepted Accounting Principles (GAAP). For the purpose of completing this form Management and General, Indirect and Overhead costs are used interchangeably.**

- (a) In Column 1 enter the total program expenses using line item detail. The amount on lines 1a and 1b for salaries and wages must equal the total amount on Form E-1, Column 3 "FY 2018 Projected Budget – Total Annual Salary". **(The spreadsheet will automatically transfer the data from Forms E-2 through E-6 onto Form D, Budgeted Expenses, for line 01 Employees, 01.a. Salaried and 01.b. Consultant/Contracted.)**

Lines 02 through 28 must be completed for all expenses shown. **Line item expenditures for Lines 02 through 28 should be completed using the line item definitions in Section VI of the Cost Guidelines.** Amounts should represent the total program budgets.

- (b) Unallowable costs must be listed in column 2 (please refer to the *Cost Guidelines* for a list of unallowable costs).
- (c) Column 3, the Allowable Net Expense, is calculated by deducting column 2 from column 3. **The spreadsheet will perform this calculation.**
- (d) Except for Lines 01. a. and b., allocate each line item amount in column 3 to Management, General & Facility Support (column 4), Direct Child Services (column 5), Education (column 6), Medical (column 7) or Clinical (column 8). Allocate based on the percent of the allowable net expense of each line item that is attributable to the five categories. For each line item, the sum of columns 4, 5, 6, 7 and 8 must equal column 3. **The spreadsheet will check the line item sums and show a warning if the total of the allocations does not equal column 3.**
- (e) TFC, TFC-MF and TMP Programs:
- **Line 6 TFC Difficulty of Care and Line 7 TFC Board Payment should be supported by the Difficulty of Care and Board Rate Computation forms, respectively.** Please refer to page 19, Section C. Budget Review of TFC, TFC-MF, TMP Programs for additional information.
  - Teen Mother Programs should refer to page 19, Section C. Budget Review of TFC, TFC-MF, TMP Programs for additional information regarding infant related expenses.

4. **Form B-1 - Operating Statements - INCOME:** The operating statements are on two pages, the first of which is **Form B-1 “Operating Statement – INCOME”**. This form summarizes revenues from all sources.

(a) Enter the actual revenues for the prior year (column 1), current year budgeted revenues based on the current approved rate (column 2), and projected budgeted revenues (column 3) in the appropriate columns.

(b) Section 01, Fee for Service, line “a” includes income anticipated from contracts with State funding agencies. Income from Grant and/or Private Pay is summarized on lines “b” and “c” respectively.

**Note for Form B-1, Column 3 (Projected FY 2018 Budget) only:**

Line 01, “a” (Fee for Service – Fees from Government Agencies) in column 3 should be left blank until Form C is completed. When Form C is complete, enter the amount from Form C line 5 (Allowable Cost) onto Form B-1, Column 3, line 01, a.

(c) Section 02 summarizes the income from other sources that are applied to the expenses included in the rate. Include in this section any income from the sources shown. This income is used to pay for program expenses that will be covered by the rate that is being sought. Fund-raised dollars, donations, and income from the sales of food or other product are included here as well as interest income on bank accounts, income from investments, and intra-agency transfers of funds.

(d) Section 03 summarizes the income from other sources that is used to pay for expenses that are unallowable (see *Cost Guidelines*).

Examples for sections 02 and 03:

1. A program fund-raises \$100,000. All the money goes to cover expenses such as salaries for staff at the program, clothing, rent, telephone, etc. that are allowable expenses as shown on Form D, column 3 (Allocation of Expenses by Function – Allowable Net Expenses). Enter the full \$100,000 in Form B-1, line 02.a. Contributions. No entry is made on Form B-1, line 03.a.
2. A program fund-raises \$100,000. \$25,000 of the money goes to cover expenses such as salaries for staff at the program, clothing, rent, telephone, etc. that are allowable expenses as shown on Form D, column 3 (Allocation of Expenses by Function – Allowable Net Expenses). Enter \$25,000 in Form B-1, line 02.a. Contributions. Also enter \$75,000 on Form B-1, line 03.a.

3. A program fund-raises \$100,000. All of the money goes to cover expenses that are unallowable (see *Cost Guidelines*). Enter the full \$100,000 in Form B-1, line 03.a.

(e) Calculate the dollar (column 4) and percent variance (column 5) between the Approved FY 2017 Budget (column 2) and the Projected FY 2018 Budget (column 3). Increases in costs will result in positive variances for both percentages and dollars. If a cost decreases, the variances will be negative and should be shown in parenthesis. **The spreadsheet will do this automatically.**

(f) **Attach an explanation for any income that changes by \$1,000 (increase or decrease) and/or 4% (increase or decrease) from the previous year.**

**5. Form B-2; “Operating Statement – EXPENSES”** summarizes all program expenses.

(a) Enter the actual expenses of the prior year (column 1), the current year approved expenses (column 2), and projected allowable net expenses (column 3) in the appropriate columns. Line item expenditures for Lines 1 through 28 should be completed using the line item definitions in Section VI of the *Cost Guidelines*. Amounts should represent the total program budgets. **The spreadsheet will automatically transfer data into column 3, Projected FY 2018 Budget.**

(b) The column Approved FY 2017 Allowable Net Expenses (column 2) should total the approved FY 2017 annual rate (per most current Rate Letter) times the projected FY 2018 census.

(c) Calculate the dollar (column 4) and percent variance (column 5) between the Approved FY 2017 Budget (column 2) and the Projected FY 2018 Budget (column 3). Increases in costs will result in positive variances for both percentages and dollars. If a cost decreases, the variances will be negative and should be shown in parenthesis. **The spreadsheet will automatically calculate the dollar and percent variances.**

(d) **Attach an explanation for any expense that changes by \$1,000 (increase or decrease) and/or 4% (increase or decrease) from the previous year.**

**6. Form C - Rate Computation Report:** This form is used to compute total allowable costs and the annual, monthly and daily rate for the projected budget. It also details the number of children served and the number of billable days for the last twelve months by payment source.

(a) Lines 1 through 5 contain specific instructions for the source of the information needed. **The spreadsheet will transfer the data for lines 1, 2 and 4 from Forms B and D. The spreadsheet will calculate lines 3 and 5.**



- (b) Line 6 – Enter the projected FY 2018 average daily census. This number should not be less than the actual average daily census reported for Calendar Year 2016 that is reported on line 10 Total. If less, provide the monthly census for Calendar Year 2016.
- (c) Line 7 – Enter the number of days the program will be in operation during FY 2018. Most programs will be in operation for 365 days. Attach an explanation if the program for which this budget is filed will be in operation for less than 365 days.
- (d) Lines 8a, 8b, 8c calculate the FY 2018 rate. **The spreadsheet will automatically compute the annual, monthly and daily rates.** Note; Line 8c – Daily Cost per Child is calculated by dividing the Allowable Cost (Line 5) by the product of Projected Average Daily Census-FY 2018 (Line 6) and Days in Operation-FY 2018.
- (e) Lines 9a, 9b, 9c – Enter the approved rates from the **most recent rate** letter for this program. **Please double check this information to ensure the amounts entered are accurate.**
- (f) Lines 10a, 10b, 10c, 10d, 10e – Enter the actual average daily census for **Calendar Year 2016** for each funding source listed.
- (g) Lines 11a, 11b, 11c, 11d, and 11e – Enter the actual billable days for **Calendar Year 2016**. **Please note, billable days does not mean the number of days in the year.**
- (h) Line 12 – Enter the total number of new admissions to the program during **Calendar Year 2016**. Include any new admission, transfer from another program, or re-admission for a child who was previously discharged from the program. Do not count children returning from scheduled leave for parental visits, camp, etc.

**7. Form A - Residential Child Care Operating Budget:** This is the budget cover sheet that provides general information and summarizes the census and rate information for the program.

- (a) In the top section, check if the budget is for a residential child care program or an educational program. Check if the budget is for a new program, an existing program, or a modification of an existing program.
- (b) Section I, General, contains provider demographic information and is self-explanatory. The line titled “Parent Organization” should be the officially registered corporate name such as “Children’s Services, Inc.” The line titled “Program Name” would be specific to the program such as “East Wind Adolescent Shelter”. Be certain to enter the Parent Organization, Program Name, Street Address, P.O. Box, Suite or Floor (if applicable), City, State, and Zip Code on the proper lines beginning in column G. This information will be automatically read into a database and will be used to prepare mailing labels for all correspondence regarding this program. If the mailing address and program address differ, enter the mailing address. For organizations with multiple programs, it is

preferable to use one mailing address for all the programs. **Remember to include the email address for the Chief Administrative and Chief Financial Officers in the space provided.**

(c) In Section II, Census Information:

**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.**

**Projected Average Daily Census-**

The anticipated census entered on Form C, Line 6 (the census on which the budget is based). **This number should not be less than the actual average daily census reported for calendar year 2016 that is reported on Form C, Line 10 total. An explanation must be provided if the projected census is less than what is reported on Line 10.**

(d) **Residential Program Rates** will be set based on no less than 90% of licensed capacity. Shelter program rates will be set based on no less than 85% of licensed capacity.

**Child Placement Agency Program Rates** will be set based on no less than 90% of the most current contract capacity.

**The spreadsheet will transfer the entries for Actual Census and Projected Average Daily Census from Form C. The spreadsheet will also calculate the projected percent occupancy.**

(e) The Projected Rate information in Section III, Rates, is transferred from Form C: lines 8a, 8b, and 8c. **The spreadsheet will transfer this automatically.**

(f) **The budget forms must be signed and dated by the person authorized by the Corporation to sign on its behalf. Please sign in blue ink.**

**8. Tab "End"** The final sheet in the workbook calculates financial and staffing ratios based on the data entered for the program budget. **Do not enter data directly on this sheet or delete this sheet.**

**D. Staffing Pattern**

Provide a paper copy of a typical staffing pattern for a 24-hour, 7-day week using the Staffing Pattern Grid form. This grid may be filed as a paper form only (**refer to Staffing Pattern Instructions**).

**F. Explanation of Line Items**

Narratives must be provided for any line item that is not self-explanatory or that may include multiple individual cost items, for example:

- Contractual services: describe the service and identify the vendor,
- Depreciation: describe the asset, state the initial value, and the type of depreciation schedule,
- Travel: state the purpose of the travel,
- “Other” expenses should be clearly explained and itemized.

Please show the basis for all allocations. Any detail that is not provided may cause delay in the review process.

***Attach an explanation for any expense that changes by \$1,000 (increase or decrease) or 4% (increase or decrease) from the previous year.***

## How Rates are Established

Rates are established by the Interagency Rates Committee (IRC). The IRC is a multi-agency committee established by Maryland regulation, charged to review budgets and develop rates for child care programs.

### A. Review for Completeness

All rate renewal requests are reviewed for completeness, including all budget forms and line items. Renewal applications must include actual expenses incurred from the previous year's operations as well as proposed expenditures for the renewal period.

The Rate Application Packet will not be reviewed until all required forms, including budget documents, forms requiring approval, supporting documentation, and staffing and expense variance narratives are received. Programs with incomplete budget applications will be held to the FY 2017 rate.

If the budget package is incomplete, program staff (Chief Administrative Officer, Chief Financial Officer, and/or Budget Preparer) will receive a checklist notice identifying the missing or incomplete items. The checklist notice will identify a due date for response. Only one notice will be issued.

### B. Levels of Intensity Score Sheet

All new and existing providers must obtain approved LOI Score Sheet forms from the appropriate Licensing Agency prior to submitting the Rate Application Packet (see the form for additional instructions).

#### Programs Licensed by:

- The **Department of Human Resources/Office of Licensing and Monitoring (DHR/OLM)** will review the Levels of Intensity (LOI) and staff hours for all programs licensed by DHR.
- The **Department of Juvenile Services (DJS)** will review the Levels of Intensity (LOI) and staff hours for all programs licensed by DJS.
- The **Behavioral Health Administration (BHA)** will review the Levels of Intensity (LOI) and staff hours for all programs licensed by DHMH as Therapeutic Group Homes.
- The **Developmental Disabilities Administration (DDA)** will review the Levels of Intensity (LOI) and staff hours for all programs licensed by DHMH/DDA that have children/youth placed by DHR and DJS.

### C. Budget Review of TFC, TFC-MF, TMP Programs

#### 1. Treatment Foster Care (TFC), Treatment Foster Care Medically Fragile (TFC-MF) and Teen Mother Program – Treatment Foster Care (TMP-TFC) Programs

Refer to the Board Rate Computation Form and to the Difficulty of Care Computation Form:

- Complete the forms per instructions
- When completing the Board Rate Computation Form:
  - Include a budget note that identifies the source of the data used to develop these averages.
  - Food, clothing, recreation and personal needs are included in the Board Payment to the foster parents and may not be included on Form D, lines 10, 11, 12 and 13. If the program provides food for families during treatment foster care training, the projected amount of the food may be included on Form D, line 10. If the program claims these expenses, it must provide a written explanation that must be approved by the Department of Human Resources, Social Services Administration (DHR/SSA).
- Submit both the Board Rate Computation Form and the Difficulty of Care Computation Form to the Department of Human Resources Office of Licensing and Monitoring (DHR/OLM) **no later than January 16, 2017.**

#### 2. Teen Mother Programs

No infant related expenses may be included in Budget Form D; (line items 1-27). All infant related expenses, including day care, must be included in Budget Form D - "Other" (line item 28) only. Each expense must include a detail description, actual cost and the explanation of how the expense was derived.

##### TFC TEEN MOTHER PROGRAMS:

May not include the following expenses related to the infant/baby:

- Board Rate
- Difficulty of Care

### D. Review for Accuracy

The IRC will review all budget applications for completeness, accuracy and consistency. The IRC may request additional information on any aspect of the budget application. The program response will be due at the Maryland State Department of Education, Interagency Initiatives & Rates Section office, no later than 14 calendar days from the date the request for additional information is emailed. Programs with incomplete budget applications will be held to the FY 2017 rate.

Please review your budget before filing since any error will delay the processing of the application.

## **E. Comparison to Standards**

The Rate Application package includes the *Cost Guidelines*. These Guidelines will assist you in determining allowable expenses for the care of children in out-of-home placement. Your program will be reviewed in comparison to these Guidelines. Variances in cost or staffing ratios require a narrative explanation. Please document if the Licensing Agency has required or recommended staffing ratios for your program that differ from the Guidelines.

If the budget includes changes in the number or type of program staff from the previous year, please provide a narrative explanation for the change. Written approval from the Licensing Agency must be included in the Rate Application package.

## **F. Preferred Provider Status**

A program may be given Preferred Provider status if program expenses and levels of intensity 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.”

## **G. Global Budget Adjustments**

All rates are subject to adjustment based on the total funding available for residential child care programs. Any global budget adjustment will be specified in the Rate Letter. These adjustments may not be reconsidered or appealed.

## **H. Rate Letter**

After the program is licensed and all budget reviews are complete, the program will receive a rate letter listing the Provider Status (if applicable), the Licensed Capacity for Residential Child Care Programs or the Current Contract Capacity for Child Placement Programs and the Final Approved Rate on a daily, monthly, and annual basis. A copy of the rate letter is sent to all Maryland Agencies that purchase services for residential child care.

Residential Child Care and Child Placement Agency programs that hold a current license and submit a completed budget package by the due date will receive a FY 2018 rate.

## **I. All State and County Agencies Pay Approved Rate**

Programs may not offer discounts from or demand payment over the approved rate for any State or County agency. If the program rate is adjusted through a reconsideration, appeal or modification, all Agencies will pay the same rate.

**J. No Guarantee of Placements**

**Possession of a license and/or rate does not guarantee that any State or County agency will place clients in the program.** A license and/or rate does not constitute a contract for client placement.

**K. Program Modifications**

Program changes must be filed as modifications. The Licensing Agency must approve any program modifications. Rate change requests due to program modifications are not re-considerations or appeals.

Rate modification requests must be filed using the *Budget Forms* and the *Levels of Intensity Score Sheet*. A narrative explanation of the program modification and the impact on the original budget must accompany the modification request.

**L. Reconsiderations and Appeals**

If you believe that the rate for your program is incorrect, you may request reconsideration or file an appeal by following the procedures below. Inability to maintain the target occupancy or average daily census is not cause for a reconsideration or appeal.

**1. Reconsideration of IRC Determination**

A Provider may request reconsideration of the IRC's rate determination. The IRC will notify the Provider of the result of its reconsideration within 30 days following receipt of a complete reconsideration request. This includes programs that have staff approved by their State licensing agency but did not receive the requested rate.

Programs that have staff approved by their State licensing agency but did not receive the requested rate and file a reconsideration request will be required to demonstrate:

- a. The approved staff is necessary to meet licensing requirements for the population served.
- b. That the Program or Parent Organization has no resources available to meet the expense of the additional staff.

The IRC will evaluate each request for adjustment to the rate determined using the IRC rate methodology.

The IRC may approve the rate adjustment in whole, in part, or may deny adjustment from the rate determined by the rate methodology.

The reconsideration request must be in writing and addressed to the Interagency Initiatives & Rates Section (see [Getting Help](#)).

The request must be filed within 30 days of the Provider's receipt of notice of the Committee's determination. The reconsideration request must include sufficient and appropriate information to allow an analysis of the claim. The request shall include:

- The relief requested; and
- The basis for the relief.

The Provider reconsideration letter will be reviewed to determine if the basis of the reconsideration and requested rate provide sufficient information for review.

- If the Provider reconsideration letter does not include sufficient information to complete the review, the Provider is contacted by letter or email.
- The completeness review letter will list all the information required to complete the review.
- The 30-day review period will begin upon receipt of a complete reconsideration request.

Time limit for pending reconsiderations:

Reconsideration requests not accepted for completeness within 45 days of the Provider's receipt of the initial completeness review letter will be voided.

Within 30 days of receipt of a complete reconsideration request from the Provider, the IRC shall either:

- Grant,
- Grant with modification, or
- Deny the request.

## **2. Appeal of IRC Reconsideration**

A Provider may appeal a reconsideration by the IRC.

a. Responsibility for conducting appeals:

- The Children's Cabinet or the Cabinet's designee shall issue a final, binding opinion upholding, reversing, or modifying the rates set by the committee within 30 days after receipt of a complete request for appeal.



b. Appeal Request:

- A Provider may appeal the IRC reconsideration by filing a written appeal request addressed to the Interagency Initiatives & Rates Section (see [Getting Help](#)).
- The appeal request must be received in the offices of the Rates Section by the 30<sup>th</sup> calendar day following the Provider's receipt of the IRC reconsideration determination.
- The Provider appeal request must include the basis of the appeal and the requested rate. The appeal request must include sufficient and appropriate information to allow an analysis of the claim.

c. The Provider appeal letter will be reviewed to determine if the basis of the appeal and requested rate provide sufficient information for review.

- If the Provider appeal letter does not include sufficient information to complete the review, the Provider is contacted by letter or email.
- The completeness review letter will list all the information required to complete the review.
- The 30-day review period will begin upon receipt of a complete appeal request.

d. Time Limit for Pending Appeals

Appeal requests not accepted for completeness within 45 days of the Provider's receipt of the initial completeness review letter will be voided.

Within 30 days of receipt of a complete appeal request from the Provider, the Children's Cabinet or their designee shall issue a final, binding opinion:

- Upholding,
- Reversing, or
- Modifying the rates set by the Interagency Rates Committee.

A rate determination, reconsideration of a rate or an appeal decision by the Children's Cabinet or their designee shall not be a contested case within the meaning of State Government Article, Title 10, Subtitle 2, Annotated Code of Maryland.

## Getting Help

You may contact the staff of the Interagency Rates Committee/MSDE Interagency Initiatives & Rates Section at:

Sheila Philip, Section Chief, Interagency Initiatives & Rates  
Phone: (410) 767- 0233  
Fax: (410) 333-0298  
Sheila.philip@maryland.gov

Paula Stokes-Kearney, Rates Specialist  
Phone: (410) 767-0235  
Fax : (410) 333-0298  
Paula.stokes-kearney@maryland.gov

Maryland State Department of Education  
Division of Special Education/Early Intervention Services  
Interagency Initiatives & Rates/Interagency Collaboration Branch  
200 West Baltimore Street  
Baltimore, Maryland 21201

### Staff Assistance

Staff of the Interagency Rates Committee/MSDE Interagency Initiatives & Rates Section and Licensing Agencies may assist you in understanding portions of the application and budget. However, the staff is not qualified to render definitive accounting or legal advice, and you may not rely on information provided by staff in making legal or accounting decisions.

It is your responsibility to be aware of applicable federal and State laws and regulations related to your application and the operation of your facility or program. It is your responsibility to obtain assistance from a qualified professional if you have questions as to the validity of certain costs, accounting principles or legal matters. Staff of the Interagency Collaboration Branch, Interagency Rates Committee/Interagency Initiatives & Rates Section and Licensing Agencies may not be held responsible if you use any information which they may provide for legal or accounting purposes, and no agency of Maryland State government may be bound by such advice.