



INDIANA TITLE IV-E COST REPORT INSTRUCTIONS

FOR:
LICENSED CHILD PLACING AGENCY (LCPA)

2010

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LICENSED CHILD PLACING AGENCY (LCPA) COST REPORT INSTRUCTIONS

I. INTRODUCTION

The Licensed Child Placing Agency Cost Report is one part of the two-part process established by the Indiana Department of Child Services (DCS) to fulfill the requirements for determining allowable Title IV-E costs for federal reimbursement. The other part of the process involves participation in the Random Moment Sampling (RMS) Time Study. The combination of information obtained from this cost report and random moment sampling are used to establish rates for the reimbursement of Title IV-E eligible costs for Title IV-E eligible children placed in Title IV-E eligible facilities.

A separate cost report format has been created for Residential Child Care Facilities (RCCs). The RCC format was developed based on allowable costs and activities specific to their agency type. If you did not receive a RCC cost report, and require one, please contact Todd Fandrei of DCS at (317) 416-7335.

In order to establish an Indiana Title IV-E Claimable Rate, participation in the Licensed Child Placing Agency RMS and completion of the Licensed Child Placing Agency Cost Report are requirements for all Indiana operators of public and private licensed child placing agencies.

II. LCPA COST REPORT OVERVIEW

The following sections offer an overview of the LCPA cost reporting process, define common terms used throughout these instructions, and provide general guidelines for completing the cost report.

A. COST REPORTING

Cost report should include **all** direct and indirect costs associated with the operation of the Licensed Child Placing Agency (LCPA). Costs included in the cost report can be grouped/categorized in several different ways:

- Costs directly attributable to a program or facility may be charged in their entirety, for example:
 - A staff person working within a single program or facility may have 100% of their time charged to that entity.
- Costs not attributable to a single program, facility or activity must be distributed based on a documented allocation methodology, for example:
 - A staff person who spends a portion of their time working for several different agency programs or divisions should have their related cost allocated by some (substantiated and documented) methodology.
 - Staff that spend their time doing a hodgepodge of activities such as training foster parents, helping license foster family homes, and other administrative functions, should be included in the RMS process and their cost allocated by the annualized results within the cost reporting process.

- Administrative costs can either be categorized as direct or indirect. Indirect costs are limited to 20% of direct service costs.

B. EXPLANATION OF COMMON TERMS

To facilitate the completion of the cost report, cost related terms used throughout the instructions are defined and a brief explanation of their application is given.

REPORTED COST:

For a cost to be included on the cost report it must meet the following general criteria:

- Be **reasonable** for the performance of the agency's activities
- Be **consistently** allocated across all programs
- Be adequately **documented**

REASONABLE:

A cost that does not exceed, in its nature or amount, what is generally accepted in the current market place.

ALLOWABLE VS. UNALLOWABLE:

Allowable costs are those costs that are generally considered eligible for federal reimbursement based on the cost principles established in Federal transmittals such as OMB Circular A-122 or A-87. Consult the appropriate OMB Circular or call DCS for clarification of any questions you may have.

A cost is unallowable for federal reimbursement based on established federal cost principles. **Because a cost is considered unallowable it does not mean that the cost should not be included on the cost report. Costs that are not allowable based on federal guidelines should be placed in the "Unallowable / Other" column on the cost report.**

For a complete listing of allowable and unallowable costs, please refer to the following federal documents:

OMB Circular A-87: http://www.whitehouse.gov/omb/circulars/a087/a87_2004.pdf

OMB Circular A-122: http://www.whitehouse.gov/omb/circulars/a122/a122_2004.pdf

The cost report instructions are general, and do not supersede the above referenced federal publications.

ELIGIBLE COST:

For the purpose of determining the Title IV-E Foster Care claimable rate for your agency, only those costs that are eligible for reimbursement under this federal program will be considered. This includes the cost of providing the following:

- Cost of per diems paid to foster parents for the care and supervision of children
- Case Plan Development and Management
- Recruitment of Foster Parents
- Training of Foster Parents
- Recruitment and Training of Staff

- Placement of Children into Foster Care
- Licensure of Foster Homes or Facilities
- Reasonable administrative costs

DIRECT COST:

Direct costs are those that can be identified specifically with a particular final cost objective, i.e., a particular program, service or other direct activity of an organization. On the cost report, direct costs are those costs that are directly incurred by the facility or facilities listed in Section C, on Page 1.

INDIRECT COST:

Indirect costs are those that have been incurred for common or joint objectives and cannot be readily identified with a particular final cost objective. After direct costs have been determined and allocated to a program or service, indirect costs are those remaining to be allocated to benefiting cost objectives. A cost may not be allocated to a program's indirect cost section if that cost has been assigned to the program as a direct cost.

Because of the diverse characteristics and accounting practices of agencies, it is not possible to specify the types of cost that may be classified as indirect costs in all situations. However, typical examples of indirect costs for many organizations may include:

- Depreciation or use allowances on administrative buildings and equipment
- Costs of operating and maintaining such facilities
- General administration and general expenses, such as the salaries and expenses of executive officers, personnel administration and accounting
- Management or administrative fees

ADMINISTRATIVE COST:

For the purposes of this report, administrative costs can be classified in one of the following two categories: administrative costs directly related to the placing of a child in a foster family home, and administrative costs related to the general operation of the agency, facility, or program (indirect administrative costs).

Those administrative costs related to general operation, and **not directly** attributable to the placing of a child in a foster family home, should be included as an indirect cost in Schedule VII of the cost report. An example of this type of cost may be:

- A facility operating within Indiana that has executive level administrative staff located in another state.

Administrative costs that can be directly attributed to the placing of a child in a foster family home may be included in Schedules I-A, I-B, I-C, II, III, IV, V, or VI (direct cost schedules) of the cost report. Examples of these administrative costs may include: administrative staff providing programmatic or direct service supervision over child placement activities, payroll related costs, clerical support, and related occupancy costs.

ALLOCATION METHODOLOGY:

Documentation and/or description of the procedures used to distribute costs, direct or indirect, to programs and to the direct service silos on the cost report are required. For example:

- A child caring agency operating two separate programs, may allocate incurred cost to these programs based on the total utilization (census days) for each program.

When possible, costs should be allocated across the cost report direct service silos if there is clear delineation and documentation for the allocation. Examples of this type of allocation may include:

- Utilities paid for a child placing agency that does not include space provided for counseling and therapy should be allocated completely to the “Foster Care Administrative” service column.
- Utilities paid for a child placing agency that includes space for administration, counseling, and medical services, should be distributed across the appropriate direct service cost silos based on square footage for each type of space (i.e. “Foster Care Administrative”, “Counseling & Therapy”, and “Medical Treatment”).

There are many reasonable ways to allocate costs across programs or activities. In general, the methodology you choose should fairly distribute costs based on all benefiting programs and/or activities.

RANDOM MOMENT SAMPLE (RMS) / TIME STUDY:

A time study or RMS is a statistically based process to gather information from direct service child placement staff members on how they spend their time. The information collected will be used to distribute the cost of direct staff, administrative staff, and related administrative overhead.

C. ENTITIES COVERED BY THE COST REPORT

The Licensed Child Placing Agency (LCPA) Cost Report is to be used in reporting actual costs incurred in the operation of a licensed child placing agency. A separate cost report must be completed for each type of facility operated by an agency. If an agency operates both a licensed child placing agency and a child caring institution, separate reports must be filed for each facility or program.

The LCPA Cost Report format is based on the premise that staff eligible for federal Title IV-E Foster Care reimbursement do not differ significantly for children at differing service categories. Those costs that typically increase for children at higher service categories are related to either, activities not eligible for Title IV-E Foster Care reimbursement (for instance, counseling and therapy or behavioral intervention) or to increased payments to foster parents. To calculate Title IV-E Foster Care claimable rates for each service category, this report will establish a single rate associated with staff and operational costs (Administrative Rate) and attach the average daily payment to foster parents for each service category (Maintenance Rate) to establish unique rates for each service category.

For example:

An LCPA offering two service categories and incurring \$100,000 in eligible staff costs over 5,000 census days will have an established average daily staff and operational cost rate of \$20. ($\$100,000/5,000 \text{ days} = \$20 \text{ per day (Administrative Rate)}$). Assume the following:

- Service Category #1 had 2,000 census days with a total of \$40,000 in payments made to foster parents.

- Service Category #2 had 3,000 census days with a total of \$120,000 in payments made to foster parents.

Service Category #1 would have a \$20 average daily payment to foster parents (Maintenance Rate), which would result in an established Title IV-E rate of \$40/day (\$20 Administrative Rate + \$20 Maintenance Rate).

Service Category #2 would have a \$40 average daily payment to foster parents (Maintenance Rate), which would result in an established Title IV-E rate of \$60/day (\$20 Administrative Rate + \$40 Maintenance Rate).

D. MULTI-FUNCTION AND PARENT AGENCIES

Agencies operating facilities or programs in addition to those included in this cost report must allocate administrative costs across all benefiting entities. For instance, an agency that provides services to children and adults must allocate their administrative costs proportionately to each of these programs.

It is understood that multi-function agencies, or providers responsible to a parent agency, may incur indirect administrative costs. It is recognized that such indirect costs for multi-function agencies are necessary and allowable. Identification and allocation of indirect administration costs to this report are addressed by the instruction in Schedule VII Indirect Administrative Cost.

E. THE REPORTING PERIOD

Cost report must reflect actual costs incurred for the previous calendar year. An exception to this requirement is allowed only for a new facility that has been in operation for less than one year. In this case, the report must include actual costs incurred for at least ninety (90) days for which a child was placed in care with a foster parent. If the facility was in operation for less than 90 days in the previous calendar year, an interim rate can be established by DCS. In such a case, please contact DCS to establish your interim Title IV-E Claimable Rate.

F. RECORD RETENTION

Records used to complete the cost report must be retained for a minimum of three years from the end of the rate year for which the report is applicable. (See SECTION II-G, EFFECTIVE DATE OF APPROVED RATES) Records should include, but are not limited to:

- Financial
- Programmatic
- Recipient records
- Allocation methodologies

If any litigation, administrative review, claim, negotiation, audit, or other action involving the records has been started before the expiration of the three-year period, the records shall be retained until completion of the action and resolution of all issues which arise from it, or until the end of the regular three-year period, whichever is later.

As part of the Title IV-E Claimable Rate process, the DCS may conduct on-site facility reviews of the financial and programmatic information used as the basis for the cost report(s). A report is generated for each cost report reviewed that addresses whether reported costs are adequately

supported, allowable, reasonable, allocated appropriately, and eligible for reimbursement under Title IV-E.

G. EFFECTIVE DATE OF APPROVED RATES

The cost report must be completed on an annual basis for the period from January 1 through December 31 for the prior year and filed with DCS by March 31st of the current year. The resulting rate will be used to claim federal funds during the next State fiscal year (July 1 through June 30). For the purposes of the current cost reporting cycle, costs should be included for the period January 1, 2009 through December 31, 2009. These costs will be used to set a Title IV-E Rate that will be effective for the period July 1, 2010 through June 30, 2011.

There is no guarantee that cost reports submitted after March 31st, or those received on or prior to March 31st that require further clarification or correction of errors will have approved rates published on the initial rate listing (July 2010). If your agency's rate does not make the initial rate listing in July, it will be included on subsequent listings.

H. GENERAL GUIDELINES FOR COMPLETING THE REPORT

An agency should take special care to be accurate and consistent in reporting only costs for child placing agencies. If it is later determined that an approved rate was based on inaccurate information, the rate(s) will be recalculated.

An agency that operates more than one type of program (residential, day treatment, adoption, etc.) should have, and retain on file at the agency, a cost allocation methodology that fairly and equitably distributes the costs to each of the various programs.

I. COST SILOS / COLUMN HEADINGS (ACTIVITY DESCRIPTIONS)

The cost report is broken down into 12 columns/silos that correspond to typical activities or services performed by child placing agencies. The *Total* and *Foster Care Administrative* cost silos appear on each schedule of the cost report. Remaining columns, which are categorized as "direct service activities", do not appear on each schedule. The following explains the meaning behind each of the silos that are utilized on the report.

TOTAL

Total cost of an item, salary, or service for the reporting period should be entered in this column. Total cost entered in the *Total* column should be allocated further to the remaining silos listed to the right, i.e. *Foster Care Administrative* through *Unallowable / Other*, depending on the basis for which that cost was utilized.

FOSTER CARE ADMINISTRATIVE

This column is used to report costs that are necessary administrative and managerial functions of the child placement program. For salaries, this would include the cost of such positions as an executive director, intake coordinator, secretary, bookkeeper, accounting and payroll staff, and staff trainer.

ADOPTION

This column is used for any activity related to the permanent placement of a child into an adoptive home.

TIME STUDY (RMS)

This column is used only for costs included within Schedules I-A and I-B of the cost report. This silo should be used to report 100% of costs related to the following staff functions:

- Staff performing recruitment and/or licensure of foster family homes
- Staff responsible for the direct supervision and/or training of foster parents/staff
- Staff performing case plan development and management activities
- Staff performing placement of child into foster family homes/facilities

These personnel costs will be distributed to the appropriate, specific direct service cost silos based on the statewide percentage results of the Licensed Child Placing Agency RMS. If staff participates in the RMS process administered by DCS, then 100% of the cost related to that staff should be allocated to this silo.

CHILD PLACEMENT ACTIVITIES

This cost silo should identify costs of activities that are required for the placement of a child to the most appropriate setting (pre-placement, initial placement and subsequent placement).

FOSTER PARENT & STAFF TRAINING / SUPERVISION

Includes the cost of training and supervising foster parents and staff. Activities necessary for the provision of and/or participation in training (initial and ongoing) related to carrying out responsibilities, functions and duties as a foster parent in caring for children, and the supervision of foster parents and/or direct staff providing oversight to foster child placements.

RECRUITMENT & LICENSURE

Includes the necessary costs involved in the recruitment of foster homes (including specialized foster homes), foster family homes, emergency shelters, group homes, and residential child-caring institutions; as well as activities required in the licensure application process for foster homes and facilities:

- Completion of State Form 47106 “Application for License to Operate a Child Placing Agency”, State Form 46151 “Applicant’s Statement of Attestation”, and State Form 8053 “Request for Adult Limited Criminal History Information”
- Attending child placing agency license orientation
- Attending initial and ongoing training for licensed child placing agency

CASE PLAN DEVELOPMENT & MANAGEMENT

Costs include developing or assisting in the development of the required case plan components under child welfare services. This includes Title IV-E Foster Care regulations that the Department of Child Services must meet.

MEDICAL TREATMENT

Medical treatment refers to the costs involved in the provision of medical, health, and mental health. It also includes the provision of routine medical care for children and providing routine medical care activities that are normally carried out by a parent. Examples of medical treatment related services include:

- Arranging medical services
- Providing transportation to such services

- Acting as a liaison with medical service providers
- Assisting in implementing medical/health regimen
- Supervising the administration of prescribed medicine

COUNSELING & THERAPY

This cost silo is used to identify costs for the provision of guidance, counseling or therapy related to:

- Behavioral issues
- Integration of the child into the foster home
- Child's home conditions that led to placement in foster care
- Return of child to natural home
- Child's social or personal development
- Vocational training, counseling, guidance
- Daily recording of progress of such activities
- Psychological or Educational Testing, Evaluation, and Assessment
- Recreation (except when clearly substituting for otherwise necessary daily supervision)
- Other similar or related activities (For instance, scheduling of counseling appointments, and travel necessary to provide such services)

EDUCATION

This cost silo includes the provision of:

- Traditional school based educational instruction
- Tutoring or remedial educational assistance
- Transportation to school or related educational facilities

UNALLOWABLE / OTHER

Unallowable / Other is used for those costs that are related to activities that are either (A) unallowable for federal reimbursement or (B) related to a separate program that is not related to the Licensed Child Placing Program (LCPA).

III. INSTRUCTIONS FOR COMPLETING THE COST REPORT

The following topics will be a guide for each schedule of the cost report and provide assistance to aid in its completion.

A. REPORTING PERIOD

Because DCS submits a composite Title IV-E claim to the federal government, the reporting period for which rates are established must be consistent; hence a January 1 through December 31 reporting period.

Newly opened facilities are not subject to this reporting requirement. If you are opening a new facility, contact DCS so that a rate can be established as soon as your facility becomes licensed.

B. AGENCY AND FACILITY / SERVICE CATEGORY INFORMATION

The first page of the cost report identifies the operating agency submitting the report, the type of facility or service categories in the report, and identifying information for each site. Space is also provided to identify the person completing the report and for the certification of accuracy of the information contained in the report by the authorized representative of the operating agency.

SECTION A. OPERATING AGENCY

1. **Operating Agency Name:** Enter the name of the agency that is on record with the State of Indiana DCS as the vendor responsible for administering the facility represented in this cost report.
2. **Mailing Address:** Enter the complete business address for the Agency listed in Box 1.
3. **City, State, Zip Code:** Enter the city, state, and zip code for the Agency listed in Box 1.
4. **Federal Tax ID Number:** Enter the federal tax identification number for the Agency listed in Box 1.
5. **Telephone Number:** Enter the main telephone number for the Agency listed in Box 1.
6. **Facility Type Included in the Report:** “Licensed Child Placing Agency (LCPA)” has already been entered for you.
7. **Operating Agency Type:** One box must be checked. A public operating agency is one that is operated by a local county governmental unit. All others must be either private not-for-profit or for-profit.

SECTION B. REQUIRED ATTACHMENTS:

1. Most current State license/certificate/approval issued for each facility by the agency responsible for licensing/certifying/approving the facilities covered by the cost report. This should be the license that grants authority to operate a licensed child placing agency.
2. Copy of private facility's last completed independent audit or financial statements.
3. Federal Internal Revenue Service certificate or letter of determination. (If a not-for-profit agency)

SECTION C. LOCATIONS

For each location included in this report, complete the following information. If additional space is needed for locations covered by this report, the “ADD LOCATION” button will provide additional space for more locations.

1. **Location:** Enter the specific name or Location responsible for administering the service categories represented in this report. If the report is being submitted for multiple programs or locations, enter each entity in their own field.
2. **Street Address:** Enter the address of the program or location entered in Box 1.

3. **City, State, Zip Code:** Enter complete city, state, and zip code of the program or location entered in Box 1.
4. **Telephone Number:** Enter the main telephone number of the program or location entered in Box 1.
- 5a **County:** Enter the county in which the program or location entered in Box 1 is located.
- 5b **DCS Region:** Enter the DCS Region for which this program or facility resides. If you do not know this information, leave blank and it will be completed by DCS
6. **ICWIS Resource ID Number:** This can be obtained from prior year's cost reports. If you do not know this information, leave blank and it will be completed by DCS.
7. **Licensing Authority:** Identify the entity that is responsible for licensing your program as a child placing agency. If you are an Indiana provider, you should enter "Indiana DCS".
8. **License Expiration Date:** Enter the expiration date of license (month, day, and year) for each program or location. This information will be identified on the program or location's Indiana Residential Child Care License.

SECTION D. SERVICE CATEGORIES

This section is to be used to record information pertaining to each service category that is provided by your agency. Service categories that are claimable under Title IV-E are as follows:

1. Traditional/Regular
 2. Special Needs
 3. Therapeutic
 4. Medically Fragile (Medical Needs)
 5. Special Needs for Pregnant Teen, Mother, and Baby
 6. Therapeutic for Pregnant Teen, Mother and Baby
 7. Sexually Maladaptive Youth
 8. Emergency
1. **Service Category:** Enter each service category that your child placing agency is contracted with DCS to offer in 2010. If you need to include additional service categories, click the "Add Service Category" button to accommodate additional service categories. Identify the Service Category as noted in the list above.
 2. **Rate Listing ID:** This number is the 3-5-3 digit number that can be identified from prior year's cost reports. If you do not have one or do not know what your number is, contact DCS to obtain this ID.
 3. **DCS Contracted Rate:** Enter the daily rate for payment of services that has been contracted with the Indiana DCS for each service category.
 4. **Utilization (Census Days):** Enter the actual number of service days (census days) foster care was provided at each service category. Example: 15 children were placed and provided Traditional/Regular Foster Care for 100 days. Utilization for "Traditional/Regular Foster Care" would equal 1,500 (15 children x 100 days). Since cost information is from 2009, and

the new service categories took effect 2010, correlate service categories from 2009 as best you can to fit the 2010 service categories. If a service category is new for 2010, enter a “1” for utilization.

5. **Payments to Foster Parents:** Enter total amount of payments made to foster parents for each specified service category. Amount would equate to what the agency is paying out to foster parents to provide care for the children that are placed. Since cost information is from 2009, and the new service categories took effect 2010, correlate service categories from 2009 as best you can to fit the 2010 service categories. If a service category is new for 2010, enter the per diem that the agency would pay a foster parent at the specified service category for one day of service.

SECTION E. CERTIFICATION OF ACCURACY

1. **Name of Person Completing This Report:** Enter the name of person completing the cost report who will be available to answer questions relating to the submitted cost report.
2. **Telephone Number:** Enter the telephone number of the person identified in Box 1.
3. **Fax Number:** Enter the fax number of the person identified in Box 1.
4. **Email Address:** Enter the email address of the person identified in Box 1.
5. **Name and Title of Operating Agency Authorized Representative:** Enter the name and position title of the chief executive officer of the operating agency.
6. **Telephone Number:** Enter the telephone number of the person identified in Box 5
7. **Signature of Operating Agency Authorized Representative:** When submitting the report electronically, leave the “ELECTRONIC COPY” notation in Box 7. Prior to printing the report out, delete the “ELECTRONIC COPY” notation and include the signature of person identified in Box 5.
8. **Date:** Enter the date that the cost report was completed, signed, and submitted.

C. COST REPORTING AND RATE CALCULATION

ROUND ALL FIGURES TO THE NEAREST DOLLAR

I-A. PERSONNEL COST (SALARIES AND WAGES)

Schedule includes all salaries and wages (full and part time) paid for services rendered during the period for which the cost report has identified at the top of Page 1. Salaries of employees chargeable to more than one program must be supported by documentation maintained by the operating agency that shows an equitable and appropriate distribution of time and effort.

Total cost should be entered in the *Total* cost silo, with the breakdown of this cost allocated across one or more of the remaining columns. The sum of all columns should equal the amount entered in the *Total* column. Salaries should be allocated to the direct service activity that most closely classifies the tasks performed, and allocated to two or more activities if there is a clear

delineation and documentation of duties. If you have questions concerning the appropriate allocation for a position, please contact DCS.

Only personnel costs associated with the child placement programs or facilities noted on Page 1 are to be included. If staff members divide their time between child placement programs and other programs, report only that portion of salary attributable to the child placement program.

The value of volunteer services is not to be included on this cost report. Contract consultants and substitute or contract workers for whom no fringe benefits or taxes are paid are **not** to be included on this schedule. These costs are to be included on I-B. Personnel Cost (Contracted Services).

Position, Job Title, or Classification

List actual job title, not name of employee. Abbreviations, but not acronyms, may be used as long as they can adequately describe the position being reported. For example, "Soc. Wkr." not "SW" or "Exec. Dir." not "ED".

FTE

Enter the number of full time equivalents for each position entered (**1 FTE = 2,080 hours worked in a year**). Example: Social Worker's total compensation is \$20,000, and is allocated between two agency programs at 25% and 75% respectively. A position's FTE is calculated by dividing the actual number of hours worked, by the hours represented by the position's FTE value, or in the example above a quarter of the Social Worker's time would be .25 FTE. The entry on the cost reports should be .25 FTE for \$5,000 and .75 FTE for \$15,000.

Identical positions may be reported on the same line entry, and their costs can be totaled as one. For example:

Position, Job Title, or Classification	FTE's	(1) Total
Executive Director	0.50	\$50,000
Secretary	1.00	\$28,000
Social Workers	7.50	\$240,000

Examples:

- An executive director administers both a child placement agency and a child caring institution and spends approximately 50% of his or her time at the placement agency and 50% at the child caring institution. Annual salary of \$100,000 is split \$50,000 (50%) for child placement activity, and \$50,000 (50%) on the separate cost report for the child caring institution.
- Persons who act exclusively as management or administrative support for the child placement agency should have their entire salary listed in *Foster Care Administrative*. Salaries of support or administrative staff who did not participate in the LCPA RMS and whose function cannot be directly assigned to a direct service activity should be reported in this column. Examples include but are not limited to an executive director, secretary, clerk, bookkeeper, and staff development trainer.

- Costs of direct services staff who perform any activity relating to the permanent placement of a child into an adoptive home should be placed within *Adoption*.
- Costs of staff providing child placement services, case management and supervision of staff should be placed within *Time Study (RMS)*. Costs associated with this column will be distributed to one of several functional categories based on statewide time distribution percentages generated by the LCPA RMS.
- Costs of staff that are licensed under State law as medical professionals qualified to administer medical procedures or treatment are included within *Medical Treatment*. This includes but it not limited to nurses, medical doctors, psychiatrists or psychologists who perform diagnosis and assessment of a child's physical and/or mental health.
- Costs of staff providing treatment and counseling services to children, either individual counseling sessions or group therapy sessions with a number of children are included within *Counseling & Therapy*. The purpose of such activities would be to ameliorate or remedy personal problems or behaviors which have been explicitly recognized in the case plan or plan of treatment for the individual child. Examples of positions allocated to this cost silo might include a therapist, social worker, and counselor.
- Costs related to the lobbying, fundraising, and/or research activities, or any other costs that are not Title IV-E Eligible should be allocated to *Unallowable / Other*.

(A) Total Salaries and Wages Cost

This line totals the costs for each column. Total cost identified in the columns from *Foster Care Administrative* to *Unallowable / Other*, should equal the total listed in the *Total* column.

(B) Salaries and Wages % by Activity

This line computes the percent of total salaries allocated to each column. This is accomplished by dividing the totals for each specific column in Line (A) Total Salaries and Wages Cost, by the total of all cost silos in Line (A).

I-B. PERSONNEL COST (CONTRACTED SERVICES)

Contracted services are costs incurred and provided by outside agencies or persons not classified as an employee. This relates to a person or persons for whom no fringe benefits or payroll taxes are paid. List the type of job performed, not the name of the agency or individual. Costs should be allocated to the appropriate cost silo per those examples given for costs on Schedule I-A. For example, audit and legal fees should be allocated to the Foster Care Administrative cost silo. Program-related charges, such as licensing and training foster parents should be allocated to Time Study (RMS).

(C) Total Contracted Services Cost

Totals are calculated for each cost silo and identified on this line.

I-C. PERSONNEL COST (FRINGE BENEFITS AND PAYROLL TAXES)

Fringe benefits should be included in this section for those full and part time positions that were included on Schedule I-A. Total cost for each benefit for all positions should be included in the

Total column. A list of benefits has been provided. An additional line is provided for any cost that cannot be categorized into one of the items listed.

- Cost of a professional liability insurance policy paid by the employer should be included within the allotted blank space immediately following “LT / ST Term Disability Insurance”. If professional liability insurance for the operating agency as a whole is obtained through a group policy, cost of this group policy should be listed on Schedule IV. Insurance Cost.

(D) Total Fringe Benefits and Payroll Taxes Cost

Totals are calculated for each cost silo and identified on this line.

(E) Salaries and Wages % by Activity

Identifies the salary percentages by activity for all cost silos. These percentages are also listed in Schedule I-A, on Line (B).

(F) Allocated Fringe Benefits and Payroll Taxes Cost

Multiplies total from Line (D) by each of the percentages listed on Line (E). The results of each calculation are then entered in the relative cost silo.

(G) Total Salaries and Wages Cost

Total Salaries and Wages Costs listed in Schedule I-A, Line (A) are carried forward to this line.

(H) Allocated Fringe Benefits and Payroll Taxes Cost PLUS Total Salaries & Wages Cost

Totals for each cost silo from Lines (F) and (G).

(I) Total Contracted Services Cost

Total Contracted Services Costs listed in Schedule I-B, Line (C) are carried forward to this line.

(J) Total Salaries and Wages, Contracted Services, Fringe Benefits and Payroll Taxes Cost

Totals for each cost silo from Lines (H) and (I).

(K) Time Study Results (% Staff Activity)

The LCPA RMS results used to distribute personnel costs are identified within each relative cost silo. It is possible that your facility may not have incurred one or more of the costs associated with each of the activities represented in the cost silos presented; however, based on the methodology adopted by the State of Indiana, a dollar figure **must** be calculated and entered for each cost silo on Line (L).

(L) Total Time Study (RMS) Staff Cost Distribution

Multiplies the total Time Study (RMS) cost from Line (J) by the percentages identified for each cost silo on Line (K). The result is then entered in each relative cost silo on Line (L).

TOTAL PERSONNEL COST

For the *Total* cost silo, the same amount as listed for the *Total* cost silo on Line (J) is entered. For the *Foster Care Administrative, Adoption, Medical Treatment, Counseling & Therapy, Education, and Unallowable / Other* cost silos, the total costs of Lines (J) and (L) are entered. For the *Child Placement Activities, Foster Parent & Staff Training / Supervision, Recruitment & Licensure, and Case Plan Development & Management* cost silos, the same dollar amounts that were entered in Line (L) are entered.

II. OPERATIONAL COST

Costs of materials, supplies, and other expenses necessary to carry out a program are to be included within this schedule. Such costs should be charged at their actual prices after deducting all cash discounts, trade discounts, rebates, and allowances received by the organization.

Withdrawals from general stores or stockrooms should be charged at cost under any recognized and consistently applied method of pricing. Materials, supplies, and other expenses charged as a direct cost should include only the materials, supplies, and other expenses actually used in the provision of placing a child into care.

This schedule includes a diverse list of expenses related to the operation of a facility. The following are a few examples of common issues:

- Drug testing for employees is an allowable administrative cost, and should be allocated to *Foster Care Administrative*. **Drug testing for children is ineligible for Title IV-E Reimbursement** and should be allocated to *Medical Treatment*.
- Bank fees for normal business costs are allowable and should be allocated to *Foster Care Administrative*; however if those fees result from fines and penalties, then costs are considered unallowable and should be allocated to *Unallowable / Other*.
- Clothing costs are foster care maintenance costs, and therefore are costs that are included in what is paid out to the foster parents as part of their per diem. If clothing costs are incurred by the child placing agency, they are not eligible for Title IV-E, and should be allocated to the *Unallowable / Other* cost silo.

TOTAL OPERATIONAL COST

Totals for each costs silo are entered within their respective column.

III. OCCUPANCY COST

Providers reporting occupancy costs on the cost report must enter one of the following methods for reporting building costs. In the case that your agency incurs both rental and depreciated building costs, include the total of both costs on one line. Note on the line when grouping these costs as “Depreciation / Rent”.

- **Depreciation** – Depreciation of the original acquisition cost. Compensation for the use of buildings is allowable through depreciation. Any depreciation reported on the cost report shall be based on the acquisition cost, **excluding the cost of land**.
- **Rent** – Actual rental charge. Rental costs of space in a privately owned building are allowable. The total cost must not exceed the rental cost of comparable space and facilities in other privately owned buildings in the same or similar location.

TOTAL OCCUPANCY COST

Totals for each cost silo are calculated and entered within their respective column.

IV. INSURANCE COST

Enter cost incurred in the operation of the child placement agency for necessary insurance premiums; subtract any refunds or good performance allowances (discounts). If insurance is purchased as a package and it is not possible to enter a separate premium for each category, enter as total cost of package policy on the line entry entitled "Package Policy".

Cost of employee insurance such as worker's compensation, unemployment, medical, dental, vision, life, and long / short term disability should be separated and entered on I-C. Personnel Cost (Fringe Benefits and Payroll Taxes).

TOTAL INSURANCE COST

Totals for each cost silo are calculated and entered within their respective column.

V. TRAVEL COST

Enter the operating and maintenance costs of any agency owned vehicles. Costs of operating a vehicle for personal use of any employee may be included on this schedule, but should be allocated to *Unallowable / Other*. Acquisition cost of any vehicle owned or leased by the provider is **not** to be entered on this schedule. Such a cost should be entered on VI. Equipment Cost. **Reimbursement for staff mileage is to be listed in the space provided at the actual rate paid, not to exceed 40 cents per mile.** If your agency reimburses your staff at a rate that exceeds 40 cents per mile, allocate the overage to the *Unallowable / Other* cost silo.

TOTAL TRAVEL COST

Totals for each cost silo are calculated and entered within their respective column.

VI. EQUIPMENT COST

Ensure that only those equipment costs applicable to the type of program being reported are listed here. If the equipment is used less than 100% for the agency included in this report, only the actual percentage of use for this program is to be applied to the initial cost and entered on this report. To the extent possible, equipment costs, including any depreciated equipment, should be allocated to the direct cost silos. For example, a television that is used in the training of foster parents should be allocated to the *Foster Parent & Staff Training / Supervision* cost silo.

This schedule is divided into four categories: Small Equipment Purchase (Under \$5,000); Leased and Rented Equipment; Depreciation (Equipment), and Maintenance & Repair (Equipment).

Small Equipment Purchase (Under \$5,000)

Any item or group of items having an acquisition cost of less than \$5,000 should be entered here, and their cost included under this subsection. Itemize costs or list a brief description of the categories of item, e.g., computers, slide projector, television.

Equipment may be listed separately and expensed (four desks at \$100 each, four chairs at \$25 each); or grouped (four sets of office furniture, \$2,500). Both methods are acceptable.

Leased and Rented Equipment

List a brief description of the item and the total applicable annual charge for the item. Equipment costing over \$5,000 and obtained by lease/purchase agreement must be depreciated. Such costs are to be listed within the “Depreciation (Equipment)” cost entry.

Depreciation (Equipment)

Depreciable equipment is any item or group of items having an acquisition cost of more than \$5,000 and a useful life in excess of one year. Costs listed in this line must be supported by adequate property records to ensure that assets exist and are usable and needed. Adequate depreciation records indicating the amount of depreciation taken must be maintained by the operating agency. **Attach a copy of the depreciation schedule with the submitted cost report.** Claim only the portion of costs allocated to the remaining period of the cost report; e.g., if equipment was purchased in March, the cost report would carry depreciation only for the months March through December. The depreciation method once used shall not be changed for the life of the asset. If you have a more restrictive fiscal policy, items costing less than \$5,000 and having a useful life of more than one year may be depreciated.

Maintenance & Repair (Equipment)

Enter the cost of keeping equipment in efficient operating condition. This may include the cost of an equipment maintenance contract.

TOTAL EQUIPMENT COST

Totals for each cost silo are calculated and entered within their respective column.

VII INDIRECT ADMINISTRATIVE COST

This section provides space for those multi-function agencies that incur indirect administrative cost. This page will be used primarily by those agencies that operate more than one program for which it is difficult to effectively allocate administrative costs associated with the child placing program(s). **COSTS REPORTED ON THIS PAGE MUST NOT BE DUPLICATED ELSEWHERE ON THE REPORT.**

Indirect costs are those administrative costs incurred for a common or joint purpose, benefiting more than one service, cost center, or facility, but at least including the facility for which the cost report is submitted. Allowable indirect costs for the indirect cost pool include, but are not limited to, the accounting and budgeting functions, disbursing services, personnel administration and payroll preparation, procurement services, and general administrative.

Calculating Indirect Cost Applied to the Report

The method used to allocate indirect costs to this report must be equitable. At the top left of Schedule VII. Indirect Administrative Costs, there are two options to determine how indirect costs will be applied to your cost report.

- **“Use pre-programmed Methodology”** – Select this methodology if you would like to use the methodology that is set forth by the cost report itself. This methodology recognizes indirect administrative cost by a percentage of reported staff costs. Percentage calculation is determined by dividing total staff costs from this report by total staff costs for the parent or multi-function agency.

- **“Use user-defined methodology”** – Select this methodology if you would like to define your own methodology for how you would like the cost report to account for the indirect costs of your parent or multi-function agency. If selecting this methodology, include a brief description of the methodology within the space provided at the bottom of Schedule VII. Indirect Administrative Cost.

The area at the top of the page includes five boxes to enter the information that is used to calculate the indirect costs that will be applied to the cost report.

1. **Total Direct Program Salaries and Wages Cost** – Total from I-A. Personnel Cost (Salaries and Wages), Line (A).
2. **Total Direct Programs Salaries and Wages Cost for parent company or multi-function agency** – Total of direct program staff costs incurred by the parent or multifunction agency, excluding the “shared” costs that need to be allocated to all benefiting programs.
3. **% of Salaries and Wages Cost from this report compared to parent or multi-function agency** – Percentage of staff costs included on this report in comparison with the parent agency, by dividing total staff cost for this report (Box 1) by total staff cost for the parent or multifunction agency (Box 2).
4. **Administrative Cost of parent or multi-function agency** – Total of the “Schedule of Indirect Costs” listed on this page. Costs entered within the “Schedule of Indirect Costs” should represent 100% of the indirect cost incurred by the parent or multifunction agency.
5. **Indirect Administrative Cost applied to the Title IV-E Cost Report** – Calculated indirect cost that will be applied to this report by multiplying the percentage listed in Box 3 by the total cost identified in Box 4. Percentage of indirect cost applied to this report will be based on the ratio of direct staff costs reported on I-A. Personnel Cost (Salaries and Wages), in comparison to the total direct salary costs incurred by the agency as a whole. Total cost listed in this box will also be entered on X. Cost Adjustment, Line (C).

“Schedule of Indirect Costs” allows you to list costs incurred by the parent or multi-function agency. Costs should be listed as they relate to the given categories within this schedule. If you need to incorporate a new category, please enter the new category within one of the four spaces provided.

Providers who use an alternative method to allocate indirect costs to facilities included on this cost report may elect to report just those indirect costs allocated to this report and skip the above calculation. If you choose to use an alternative methodology to allocate indirect costs, please briefly explain the methodology used in the space provided and enter the total from the indirect cost schedule in Box 5, Indirect Administrative Cost applied to the Title IV-E Cost Report.

VIII. REVENUE

All program or facility revenue received for services rendered, as cost reimbursement, grant award, contribution, or donation should be included on this schedule. Completion of this

schedule is **NOT OPTIONAL** and should reflect all applicable sources of funding or revenue attributable to those services provided by the facility and/or staff persons included within the completed cost report.

Each revenue source will be analyzed based upon the service funded by the grant source, and applied to the appropriate functional activity category, thus reducing the agency expenditure eligible for consideration in the final rate calculation.

Under the column entitled “Payer / Revenue Source:”, enter the agency name or source of funding for the revenue categories. The following are examples of funding sources to be included in each applicable revenue silo:

Per Diem Payments / Add-Ons

Payments received as per diem for child placement services from:

- DCS
- Department of Education
- Department of Corrections
- Other similar agency or entity either from within or outside of the State of Indiana

Foster Care Administrative

- Federal grant funding payment, offsetting costs related to general administrative activities

Foster Care Maintenance

- Federal funding or general reimbursement offsetting those costs related to room, board, shelter, clothing, or other “foster care maintenance” related costs

Medical

- Federal reimbursement or payment for medical services

Counseling, Therapy, and/or Mental Health

- Federal reimbursement or direct payment related to counseling, therapy or other mental health costs

Education

- Reimbursement or payment for educational related services

Donations / Fundraising

- United Way funding
- Individual or corporate donations
- Revenue generated by fundraising activities

Other

- Revenue not otherwise classified, please be certain to include a description of the source in the “Payer / Revenue Source:” column
- Federal payment that would directly offset costs associated with permanent placement of children (Adoption)

IX. COST SUMMARY

This schedule is a summary of Schedules I through VI. Totals from each schedule are entered in the corresponding rows and columns.

X. COST ADJUSTMENT

Schedule X provides for the inclusion of indirect costs, allocates administrative costs to direct activities, applies any credits to reported costs, and then reallocates costs to direct program activities.

(A) Total Direct Service Cost less Foster Care Administrative Subtotal

Line (A) is the total of direct service cost for the entire report, i.e. Total cost less total cost allocated to the *Foster Care Administrative* cost silo.

(B) 20% of Total Direct Cost

Line (B) equals 20% of the Total cost silo from Schedule IX. Cost Summary, Line (G).

(C) Total Indirect Administrative Cost Applied

Line (C) is the total cost that was identified on Schedule VII. Indirect Administrative Cost, Box 5.

(D) Total Administrative Cost Offset

Line (D) is the total administrative cost offset total from the Foster Care Administrative revenue silo of Schedule VIII. Revenue.

(E) Total Administrative Cost

Line (E) is the lesser of the total of Line (B) and (D), or Line (C) and (D).

(F) Administrative Cost Allocation %

Line (F) includes adjusted RMS percentages that are used to allocate administrative costs.

(G) Total Eligible Allocated Administrative Cost

Percentages from Line (F) are multiplied by the total administrative costs identified in Line (E). The totals are identified on Line (G).

(H) Total Cost by Activity Type

Total costs from Line (G) of both IX. Cost Summary and X. Administrative Cost Adjustment are added together and entered into Line (H).

(I) Total Payments to Foster Parents

Total of payments that were made to foster parents, carried over from Box 5, of Section D from the first page of the cost report.

XI. ELIGIBLE TITLE IV-E ADMINISTRATIVE COST

This schedule identifies the total Eligible Title IV-E Administrative Cost, including the application of any credits via revenue streams applied from VIII. Revenue.

(J) Eligible Foster Care Administrative Cost Calculation

Line (J) is completed by carrying the totals for *Child Placement Activities, Foster Parent & Staff Training / Supervision, Recruitment & Licensure, and Case Plan Development & Management* of Line (I), to their respective columns in Line (J). The sum of these four cost silos is included in the box entitled "Gross Title IV-E Eligible Cost". Total from the *Foster*

Care Maintenance silo on VIII. Revenue is transferred to the “Title IV-E Credits” box of Line (J). Finally, the net cost to be considered as eligible in the calculation of the daily Title IV-E Claimable Rate is calculated by deducting the amount included under “Title IV-E Credits” from the “Gross Title IV-E Eligible Cost”. This amount is identified in the box entitled “Net Title IV-E Eligible Cost”.

IV. SUBMISSION OF COST REPORT

Questions about this report, its format, contents, or completion may be addressed to Todd Fandrei of DCS at (317) 416-7335; or via email at Todd.Fandrei@dcs.in.gov. Signed hard copies and Electronic copies of the cost report can be submitted to DCS in the following manner:

Mail signed hard copy report to:

Indiana Department of Child Services
Attention: Title IV-E Rate Setting
402 W. Washington St., Room W392 MS-48
Indianapolis, IN 46204

Email electronic copy report to:

Corey.Greenya@dcs.in.gov

IMPORTANT REMINDERS

- The security level of Excel needs to be set to “Medium”. To set the security level to “Medium” (Select Tools → Macro → Security → Check “Medium” option).
- Reporting period is CY 2009, i.e. January 1, 2009 through December 31, 2009.
- Only one cost report should be submitted per LCPA.
- An agency that operates more than one type of program should have, and retain a cost allocation plan that fairly and equitably distributes costs to each of its programs.
- Terms such as **OTHER**, **MISCELLANEOUS**, **VARIOUS**, etc. **SHOULD NOT BE USED ON THE COST REPORT**.
- When entering figures into the cost report, do not cut and paste from your own documentation. **MANUALLY ENTER ALL DATA**.
- Figures or calculations entered on the cost report form should always be checked for accuracy prior to submission.
- Cost Reports are due **March 31, 2010**.
- **ROUND ALL AMOUNTS TO NEAREST DOLLAR**.
- Submission of both the most current State license/certificate/approval issued for the facilities covered by the cost report and the Federal Internal Revenue Service certificate or letter of determination is required to process the Cost Report. Cost Report submissions not including these documents will not be processed until these documents are received.