

FORVIS[®]

Tuesdays at Ten:

Budgeting for the New Year – IDD/BH and SED Funded Agencies

April 9, 2024



Meet the Presenters



Bryant Macaraeg

Partner



Koren Chen

Director

Agenda

- Budget Planning

- Budgeting for OPWDD Programs

- Budgeting for SED Programs

- Ongoing Activities

- Questions

Budget Planning

- Mission focused
- Determine and reconcile with the strategic plan of your organization
- Set realistic goals and timelines
- All hands on deck!!! Communication with program personnel is critical
- Understanding the external environment – Federal, State, and Local

Budget Planning

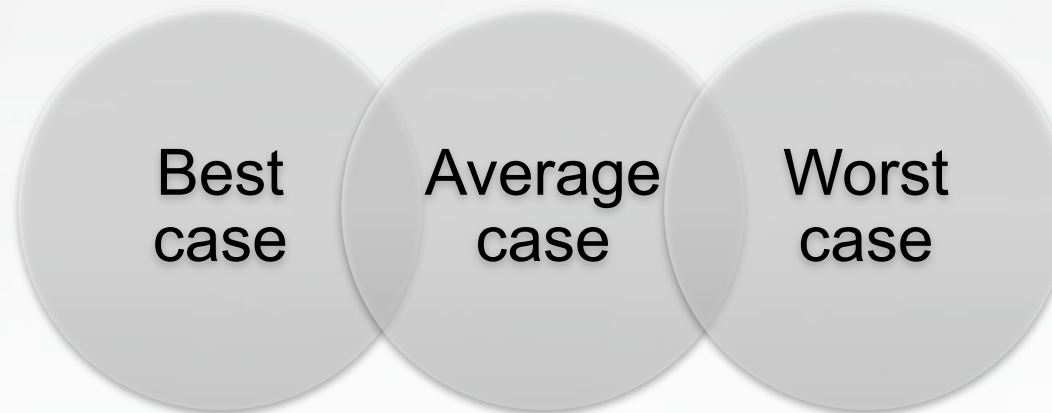
- Identify drivers of revenue and expenses during the budgeting process
- Sustainable and forward thinking
- If funding is inadequate, what will be cut/eliminated? (Consider future impact)
- Review all expenses for reasonability

Budget Planning

- Review prior years' program achievements and what to achieve in the current year
- Compare the financial performance of programs for prior years and look for trends. Which programs were profitable/not profitable and why?
- Compare the prior years' actual results with the prior years' budgeted amounts. What was close? What was not and why?

Budget Planning

- Type of Budget
 - Break-even budget
 - Surplus budget
 - Strategic deficit budgets
- Approaches
 - Top-down
 - Bottom-up
 - Negotiated budgeting



Budgeting for OPWDD Programs

FORV/S

FORVIS is a trademark of FORVIS, LLP, registered with the U.S. Patent and Trademark Office.

OPWDD General Update

2024-25 budget update

Waiver

Rate rebasing

Rate reform

OPWDD Programs

Rate rationalization (RR) programs

Fee-based programs

Grant-/contract-based programs

Initiatives

OPWDD Programs - RR programs

- **Quantity**

- Occupancy & utilization levels
- Direct Care & Clinical hours

- **Price**

- Understand & evaluate the impact of rate setting on program's reimbursement
- What components of RR help or hurt your organization?
- How could rate rebasing impact your budget?
- Wage Equalization Factor (WEF) adjusted Brick

Rate Rationalization Basics

- Base Year Issues
 - Last base year
 - New base year
 - Items outside of RR rebasing cycle – continuously rebased
 - To/from transportation
 - Vacancy adjustment for Supervised IRAs and ICFs
 - Property

OPWDD Expenses Considerations

Strategic profit/loss

```
graph TD; A[Strategic profit/loss] --> B[Cost of living adjustment and pricing trend]; B --> C[Review prior years' key performance indicators (KPIs) from internal system or CFR]; C --> D[Fixed cost/variable cost]; D --> E[Allocation];
```

Cost of living adjustment and pricing trend

Review prior years' key performance indicators (KPIs) from internal system or CFR

Fixed cost/variable cost

Allocation

Budgeting for SED Programs

FORV/S

FORVIS is a trademark of FORVIS, LLP, registered with the U.S. Patent and Trademark Office.

SED General Update

2024-25 budget update

Rate methodology

Surplus retainage

NYC 4410 enhancement contract

SED Programs

Programs subject to reconciliation

Fee for service programs

Grants

SED Programs Subject to Reconciliation

- **Quantity**

- Student FTEs \ Care days \ Enrollment

- **Price**

- Projected 2024/25 prospective rate
- Projected 2023/24 reconciliation rate
- Interim rate

SED expenses considerations

Strategic profit/loss

Review prior years' key performance indicators (KPIs) from internal system or CFR

Trend factors and price trending

Allocations

Direct vs. Non-direct costs

Ongoing Activities

FORV/S

FORVIS is a trademark of FORVIS, LLP, registered with the U.S. Patent and Trademark Office.

Ongoing Activities

The budget is a living document; it must be reviewed & updated regularly to make sure the organization is on track to achieve its goals.

Monitoring the budget involves:

- Identifying actual revenue and expenses against budgeted amounts
- Identify variances
- Taking corrective action

Ongoing Activities

Revision to budget

- Should be approved by the Board

Timing to make change to the budget:

- Don't revise just to meet the budget
- Reduction in programming, staffing, etc.
- Emergency items
- Unexpected changes in environment (e.g. regulatory)

Questions?

FORV/S

FORVIS is a trademark of FORVIS, LLP, registered with the U.S. Patent and Trademark Office.

Thank you!

forvis.com

The information set forth in this presentation contains the analysis and conclusions of the author(s) based upon his/her/their research and analysis of industry information and legal authorities. Such analysis and conclusions should not be deemed opinions or conclusions by FORVIS or the author(s) as to any individual situation as situations are fact specific. The reader should perform its own analysis and form its own conclusions regarding any specific situation. Further, the author(s) conclusions may be revised without notice with or without changes in industry information and legal authorities.

FORVIS is a trademark of FORVIS, LLP, registered with the U.S. Patent and Trademark Office. © 2023 FORVIS, LLP. All rights reserved.

FORVIS

Assurance / Tax / Consulting