**Instructions for Completion of Service Cost Computation Sheet (DAAS-732A)**

**Introduction**

This worksheet has been developed to aid aging service provider agencies to determine the actual cost of providing specific services. If this worksheet is properly completed, the unit rate or total cost reimbursement will reflect the total cost for providing the service.

Service provider agencies are encouraged to use this worksheet as a tool to budget their total agency resources. While this may not be as practical for larger agencies, this worksheet can assist agencies in allocating resources across multiple services and programs. The information provided on the service cost computation sheet and labor distribution schedule will provide Home and Community Care Block Grant lead agencies, advisory committees, and other community aging interests with a better understanding of the resources required for aging services and their impact.

**General Instructions**

This worksheet will be utilized to develop and revise service budgets during the program year. **The Service Cost Computation Sheet (DAAS-732A) and Labor Distribution Schedule (DAAS-732A1) will be submitted with Provider Services Summary (DAAS-732) as a part of the Home and Community Care Block Grant funding package.** Indicate the service to be provided in the appropriate column

**I. Projected Revenues**

1. Indicate the amount of **federal and/or state funding received through the Division of Aging.** This includes Home and Community Care Block Grant (HCCBG) fundingas specified by the county lead agency for the Block Grant for each service.
2. Indicate the **minimum matching requirements for federal/state resources**. For HCCBG funding, minimum match is determined as follows: Amount of HCCBG funding stated in line I.A, divided by .90, multiplied by .10. The sum of cash and in-kind must total to the minimum matching requirement. If in-kind resources are being used to meet any or all local matching requirements, adequate documentation describing the contribution and the method of determining its value must be maintained. Make certain that all in-kind resources are stated as expenses in section II. Providers may list sources of local match at their discretion.
3. **Subtotal, federal/state/required matching revenues** is the sum of I.A and I.B. **Instructions for Completion of Service Cost Computation Worksheet (DAAS-732A)**
4. **USDA cash subsidy/commodity valuation** reflects the projected number of meals to be provided multiplied by the current USDA reimbursement rate. This includes meals not reimbursed through HCCBG, but receiving USDA reimbursement through ARMS codes 021 and 181. Providers receiving commodity valuation rather than the USDA cash subsidy will state this projected amount.
5. **Older Americans Act Title V worker wages, fringe benefits, and costs** reflects funding received by the provider for participant wages, fringe benefits, training and other allowable worker support costs associated with the specific budgeted service.
6. **Subtotal, local cash, non-match** reflects resources **in excess** of minimum matching requirements from sources such as United Way and the county. Local cash can be itemized by source or stated as a lump sum for each applicable service. Local cash does not include projected client cost sharing/program income.
7. **Subtotal, other revenues, non-match** reflects resources other than local cash, such as federal or state funds from agencies other than the Division of Aging and Adult Services, grants or other special funding that directly supports the stated services. Other revenues can be itemized by source or stated as a lump sum for each service.
8. **Subtotal, local in-kind resources, non-match** are goods and services that are provided free of charge that would otherwise have to be purchased; for example, volunteer janitorial services provided by an older adult at a nutrition site or office space provided by the county. **Consideration for in-kind resources should be conservative so as not to inflate the cost of services.** The value of the volunteer janitor can reflect the hourly wage of a county janitorial worker and the value of the office space can reflect the annual square footage cost for a similar building in the community. Again, be sure to state all in-kind resources as expenses in section II.
9. **Client program income projections** should be based primarily on past experience. A reasonable method to estimate this amount is to compute a per unit cost sharing rate for the prior year and multiply that amount by the number of projected units for the stated services, or if the prior year was not typical, cost sharing collected for specific services can be averaged for the past 3 to 5 years.
10. **Total projected revenues** is the sum of I.C through I.

**II. Projected Expenses**

Note: Direct administrative costs should be entered in the **Admin. Cost** column. **Do not** allocate these administrative costs to services on the individual budget lines. These administrative cost will be allocated on line **II.H.**

1. **Staff salaries**, indicate **positions that are allocated to the specified services**. Information for full and part time positions should reflect that which is stated on the Labor Cost Distribution Schedule (DAAS-732A1). Wages for Title V workers **are not** included here.
2. Indicate **fringe benefits** to be paid for staff indicated on line II.A. Fringe benefits may be itemized or computed as a lump for each specified service.
3. **Local in-kind resources**, **non-match** must be stated if it is included as a part of the cost stated in lines I.B or H. If the value of volunteer time is included, it should be reasonable in order to avoid inflating service costs. An example is congregate nutrition site volunteer time based on the hourly wage for county school cafeteria workers.
4. State **OAA Title V worker wages, fringe benefits and costs** stated on line I.E.
5. Compute **per diem and mileage reimbursement expenses** in keeping with agency policy and recent experience. **Other travel** cost would take into account costs such as conference registration and airfares, etc.
6. **General operating expenses** are costs reasonable and necessary for the delivery of specified services. Examples of these expenses are: 1) equipment depreciation; 2) catered meals/raw food costs; 3) consumable supplies for in-home aides; 4) fuel and maintenance associated with transportation services; 5) training and other costs associated with home health provider certification; and 6) the cost of subcontracts for services such as van service for clients as a part of transportation services or in-the-home workers as a part of in-home aide services. Appropriate in-kind resources that are stated in section I and not associated with volunteer time will be stated here.
7. **Other administrative cost** are indirect administrative expenses which have not been stated as allocated direct administrative costs in the **Admin. Cost** column in lines II.A through F. The agency will maintain either an approved indirect cost plan and/or cost allocation plan to support state administrative cost.
8. **Total projected expenses prior to administrative cost distribution** is the sum of lines II.A through G for the specified services.
9. Administrative cost, as stated in the **Admin. Cost** Column, lines II.A through G, are d**istributed across specified services**, based upon an allocation plan maintained by the agency. (The formatted DAAS-732A form distributes administrative costs by subtracting **Total Proj. Expenses Prior to Admin. Distribution (line II.H)** from **Total Projected Revenues (line I.J).**
10. **Total projected expenses after administrative cost distribution** is the sum of specified services cost, lines II.A through H. The sum of services must agree with the projected revenues stated on line I. J.

**III. Computation of Rates**

1. Computation of Unit Cost Rate
   1. **Total expenses** equals line II.J
   2. **Total projected units** is a stated figure reflecting the agency’s projection of service units to be provided. This applies to unit-producing services only.
   3. **Total unit cost rate** reflects **total expenses** (line III.A.1) divided by the number of **total projected units** (line III.A.2).The purpose of this calculation is to indicate the actual total cost of providing a unit of service.
2. Computation of Reimbursement Rate
3. **Total revenues** equals line I.J. Total Revenues will equal **total expenses** stated on line III.A1.
4. Indicate any **USDA subsidy** from line I.D, **Title V funding** from line I.E/II.D, and **non-matching in-kind resources** from line I.H/II.C. The USDA subsidy is deducted because it is a supplement to the reimbursement rate for nutrition services. Title V funding is deducted because, while it is a cost of providing the service, it is reimbursed from non-HCCBG resources. Non-matching in-kind resources are deducted because they are not required and do not represent an actual cost of providing the service. Including this item would inflate the reimbursement rate and reduce the number of units to be provided.
5. **Revenues subject to unit reimbursement** provide the basis for computing the unit reimbursement rate.
6. **Total projected units** equals the number of units stated on line III.A.2.
7. **Total reimbursement rate** reflects r**evenues subject to unit reimbursement** (line III.B.3) divided by **total projected units** (line III.A.4).
8. **Units reimbursed through HCCBG** equals **subtotal, fed/state/required match** r**evenues** (line I.C) divided by t**otal reimbursement rate** (line III.B.5).
9. **Units reimbursed through program income** are the number of units that will have to be provided in addition to those stated on line III.C in order to earn the funding stated on line I.C because the Division of Aging and Adult Services ARMS deducts reported program income from reimbursement paid to providers. These additional units are determined by dividing the **projected client program income** (line I.I)by the **total reimbursement rate** (line III.B.5).
10. **Units reimbursed through remaining revenues** equals the sum of s**ubtotal**, **local cash, non-match** (line I.F) and **subtotal, other revenues, non-match** (line I.G) divided by **total reimbursement rate** (line III.B.5)
11. **Total units reimbursed/total projected units** is the sum of lines III. C, D, and E and equals **total projected units** stated on line III.A.2.