IPCRB Rates
How, What and When?
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How?
- How is the rate calculated?
- How do I know that my rate is right?
- How do I proceed if I think my rate needs to change?
- How do I find the medians, inflation factors and other information?

What?
- What do I need to submit for the rate calculations each year?
- What causes the rate to increase or decrease?
- What are the most recent changes?
When?

- When is “stuff” due?
- When are the inflation factors and medians calculated?
- When do I get my rate?

HOW?

How is the rate calculated?

IPCRB Cost Based Formula:

\[
\text{Rate} = \frac{\text{Allowable costs}}{\text{Census}}
\]
Allowable Costs

Simplified version:

CFR costs
- non-allowable costs
- costs over 125% median caps
- revenue off-sets
+ inflation add-on
= Total Allowable Costs

Allowable Costs

<table>
<thead>
<tr>
<th>PROGRAM EXPENSES</th>
<th>Program Allowable Cost</th>
<th>Allowable Program Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>ALLOCABLE OCCUPANCY COST</td>
<td>$5,000,000</td>
<td>($15,000)</td>
</tr>
<tr>
<td>ALLOWABLE SUPPORT COST</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>ADMINISTRATION EXPENSES</td>
<td>$1,800,000</td>
<td>($15,000)</td>
</tr>
<tr>
<td>CAPITAL EXPENSES</td>
<td>$1,000,000</td>
<td>($16,375)</td>
</tr>
</tbody>
</table>

Inflation Add-on: $1,000,000

Total Allowable Costs: $10,844,425

Non-allowable costs

- List of non-allowable costs can be found in the Rules and page 2 of the Supplemental Schedule
- List on both – Cost Schedule line 47 and Supplemental Schedule
- When not clear will be subtracted from program costs
Medians

- Are calculated from CFR data each year
- Include data submitted on or before April 15th

Inflation Factors

The factors are calculated utilizing:

- Actual CPI data from U.S. Department of Labor, Bureau of Labor Statistics
- Projections developed by Global Insight, which utilizes historical and projected inflation trends

Inflation Factors

Inflation factors are calculated from provider’s fiscal year to middle of school year (most cases December 2008 to December 2010 for the current year calculations).
**Census Calculations**

Census is not necessarily the same as the CFR enrollment days:

\[
\text{Census} = \frac{\text{CFR enrollment days}}{\text{CFR school days}} \times \text{current # days}
\]

School calendar days as approved by ISBE for current school year

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**How do I know my rate is right?**

- Understand the rate calculations
- Ask questions

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**How do I proceed if I think my rate needs to change?**

- Appeal – read IPCRB Rules. Make sure you meet the requirements.
- What is your requested rate and how is it calculated?
- 125% caps cannot be exceeded even for appeals.
How do I find inflation factors and medians?

(... and other IPCRB data)

- Published on IPCRB web site at:
  [http://www.isbe.net/funding/html/ipcrb.htm](http://www.isbe.net/funding/html/ipcrb.htm)

- Medians are:
  - published as per diem medians
  - inflated

What?

What do I need to submit for the rate calculations each year?

- Web-based CFR (with the Supplemental Schedule)
- Audit – send us a copy
- Crosswalk and other supporting documentation – send with the audit
Electronic notices were sent out to all providers who submitted for FY09.
Link to online CFR: https://sec1.isbe.net/cfr
New providers – contact us for temporary administrative ID and password.

Don’t forget to do your Supplemental Schedule to CFR.
Need ISBE program numbers (only way to see supplemental schedule).

Required for all calculated rates
For non-allowable costs, detail the specific line number on the Cost Schedule where costs are located – do not use line 47
Make sure total of non-allowable costs matches Line 47 on the Cost Schedule.
Crosswalk

- Crosswalk is important
- Helps rate setters understand how costs were categorized and adjustments already made by the provider
- Speeds up the rate setting process (you get your rate faster)

What causes the rate to Increase or Decrease?

Rate formula:
\[
\text{Rate} = \frac{\text{Allowable costs}}{(\text{Avg. enrollment}) \times (\# \text{ of sch. days})}
\]

- Allowable costs are for FY reported
- Average enrollment is for FY reported
- Number of school days for rate school year

Example – Change in Cost

Rate formula:
\[
\text{Rate} = \frac{\text{Allowable cost}}{(\text{Avg. enrollment}) \times (\# \text{ of sch. days})}
\]

Prior year:
Rate = \(\frac{1,000,000}{30} \times 200\) = $166.67

Current year:
Rate = \(\frac{900,000}{30} \times 200\) = $150.00
Example – Change in Enrollment

Rate = \frac{\text{Allowable cost}}{(\text{Avg. enrollment}) \times \text{(# of sch. days)}}

Prior year
Rate = \frac{\$1,000,000}{(30) \times (200)} = \$166.67

Current year
Rate = \frac{\$1,000,000}{(35) \times (200)} = \$142.86

Calendar Change

Initial calendar has 200 school days for average of 50 students. Total allowable costs are $1,500,000.

Rate = \frac{\$1,500,000}{(50 \times 200)} = \$150.00

Calendar days are amended to 195:
Rate = \frac{\$1,500,000}{(50 \times 195)} = \$153.85

What are the most recent changes?

- For-profit organizations need to provide more detail in their audit in order for us to calculate the 115% profit as per Rules.
- Notice was sent to all for-profit organizations on 3/12/2010.
What changes are to come?

- E-mailed rate letters

Please make sure we have your correct e-mail address.

When?

When is “stuff” due?

- 2010 CFR and audit is due by January 15, 2011 or 90 days after the end of the fiscal year (whichever is later)
- Make sure you meet any extension request deadlines
- New programs must have program approval and budget CFR submitted at least two weeks prior to the IPCRB meeting
Inflation factors are calculated after April 15. Medians are calculated using data received by April 15 – after inflation factors are determined.

Medians and inflation factors are approved by the Board (generally in May). First calculated rates in June. The rates are calculated using FIFO method. To be on the list, we must have both the audit and the CFR.

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