

UNDERSTANDING HOW THE CHOICES FOR CARE BUDGET WORKS

Example #1 (Respite or Companionship):

The consumer has a budget of \$2500.00 for Respite or Companionship;

You want to pay your employee \$11.04 per hour;

Your employee works 15 hours every two weeks;

ARIS Solutions will pay your employee the \$11.04 hourly rate

Your employee will have their own taxes withheld from their check, as usual.

ARIS Solutions will also pay “matching employer taxes” on your behalf for unemployment, Worker’s Compensation and Social Security and Medicare. This adds 13.3% to the **cost** of each hour of service you pay your employee.

The actual **cost** to the budget when you pay an employee \$11.04 per hour is \$12.51.

(Calculations as follows: $\$11.04 \times 13.3\%$ or $0.133 = \$1.47$ $\$11.04 + \$1.47 = \$12.51$)

So, if you pay your employee **15 hours** every two weeks at **\$11.04 per hour**, your employee will be paid **\$165.60 gross**. Because **each hour costs \$12.51**, the **total cost to be deducted from the consumer’s budget for the 15 hours will be \$187.65**.

Your budget will then look like this:

\$2500.00	Starting budget
-\$187.65	Cost of 15 hours of service (15 hours x \$11.04 = \$165.60 x 13.3%)
\$2312.35	Remains in budget

If you pay all your employees the same hourly rate there is an easy way to know how many hours of service you can pay for in six months!

If you pay your employees \$11.04, the cost with employer taxes per hour is: \$12.51 ; Divide the total budget amount, \$2500.00 by the \$12.51 and you will have the total number of hours you can use during the six month period your child is eligible for.

\$2500.00	six month budget
<u>÷ \$12.51</u>	cost of pay at \$11.04 per hour
199.84	hours available

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Example #2 (Personal Care):

REMEMBER: Choices for Care-Personal Care budgets have budget caps. This means that you have a cap on how much you can spend each 2 week pay period. Your cap depends on your individual budget and is usually determined when you work with your case worker to determine what you need for a budget.

The consumer has a budget of \$10,000 for Personal Care for a period of 25 weeks;
The budget cap is \$400 per pay period

You want to pay your employee \$11.28 per hour; Your employee works 31 hours every two weeks;

ARIS Solutions will pay your employee the \$11.28 hourly rate
Your employee will have their own taxes withheld from their check, as usual.

ARIS Solutions will also pay “matching employer taxes” on your behalf for unemployment, Worker’s Compensation and Social Security and Medicare. This adds 13.3% to the **cost** of each hour of service you pay your employee.

The actual **cost** to the budget when you pay an employee \$11.28 per hour is \$12.78.
(Calculations as follows: $\$11.28 \times 13.3\%$ or $0.133 = \$1.50$ $\$11.28 + \$1.50 = \$12.78$)

So, if you pay your employee **31 hours** every two weeks at **\$11.28 per hour**, your employee will be paid **\$349.68 gross**. Because **each hour costs \$12.78**, the **total cost to be deducted from the consumer’s budget for the 31 hours will be \$396.18 (which is under the \$400 set cap)**.

Your budget will then look like this:

\$10,000.00	Starting budget
-\$396.18	Cost of 15 hours of service (15 hours x \$11.28 = \$169.20 x 13.3%)
\$9,603.82	Remains in budget

You can figure out how many hours you can use to stay in your budget cap the following way:

Example: The budget cap is set at \$400 per pay period
 You want to pay your employee \$11.28 an hour
 The budget will be charged the amount you pay your employee plus 13.3% tax
 $\$11.28 \times 0.133$ (13.3% tax) = \$12.78 per hour from budget
 $\$400$ budget cap \div $\$12.78 = 31.3$ hours per pay period

STEPS TO CALCULATE YOUR BUDGET



Method #1:

1. $\frac{\$11.04}{\text{Hourly Pay Rate}} \times 13.3\% \text{ Tax Rate} = \frac{\$12.51}{\text{Cost of Hourly Services}}$
2. $\frac{\$2,500}{\text{Total Budget Amount}} \div \frac{\$12.51}{\text{Cost of Hourly Services}} = \frac{199.84}{\text{Total number of Available Hours}}$

OR

Method #2:

1. $\frac{\$11.04}{\text{Hourly Pay Rate}} \times \frac{10}{\text{Hours Worked}} = \frac{\$110.40}{\text{Employee Gross Pay}}$
2. $\frac{\$110.40}{\text{Employee Gross Pay}} \times 13.3\% \text{ Tax Rate} = \frac{\$14.68}{\text{Employer Taxes}}$
3. $\frac{\$14.68}{\text{Employer Taxes}} + \frac{110.40}{\text{Employee Gross Pay}} = \frac{\$125.08}{\text{Total Cost of Services Deducted from Budget}}$

Example Budget:

\$2,500.00 Choices for Care-Respite Active: January 1, 2017 – June 30, 2017
 - \$125.08 10 Hours worked (10 hours X 11.04 = \$110.40 X 13.3%(14.68)=\$125.08)
\$2,374.92 Remaining in Budget