

UNDERSTANDING HOW THE DEVELOPMENTAL SERVICES BUDGET WORKS

Example #1 (Hourly):

The consumer has a budget of \$10,000.00 for services (see list below);

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

Your employee works 40 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 10.4% 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 \$12.19.

(Calculations as follows: $\$11.04 \times 10.4\%$ or $0.104 = \$1.15$ $\$11.04 + \$1.15 = \$12.19$)

So, if you pay your employee **40 hours** every two weeks at **\$11.04 per hour**, your employee will be paid **\$441.60 gross**. Because **each hour costs \$12.19**, the **total cost to be deducted from the consumer’s budget for the 40 hours will be \$487.60**.

Your budget will then look like this:

\$10,000.00	Starting budget
-\$487.60	Cost of 40 hours of service (40 hours x \$12.19(\$11.04 x 10.4%))
\$9,512.40	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, \$10,000 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.

\$10,000	six month budget
<u>÷ \$12.51</u>	cost of pay at \$11.04 per hour
799.4	hours available

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Example #2 (Daily-24 hour shifts):

REMEMBER: The Respite Daily rate is for a 24-hour shift. The Service Code is D02

The consumer has a budget of \$10,000 for Respite;

You want to pay your employee \$15.00 per hour; and \$200 for a 24-hour period. Your employee works every weekend and a few extra hours every two weeks;

ARIS Solutions will pay your employee the \$15.00 hourly rate and/or \$200 for 24-hour times. 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 10.4% to the **cost** of each hour of service you pay your employee.

The actual **cost** to the budget when you pay an employee \$15.00 per hour is \$16.56.

(Calculations as follows: $\$15.00 \times 10.4\%$ or $0.104 = \$1.56$ $\$15.00 + \$1.56 = \$16.56$)

The actual **cost** to the budget when you pay an employee \$200.00 per day is \$220.80.

(Calculations as follows: $\$200.00 \times 10.4\%$ or $0.104 = \$20.80$ $\$200.00 + \$20.80 = \$220.80$)

So, if you pay your employee **2 – 24 hour periods** every two weeks at **\$200.00 per 24 hour period** and **10 hours at \$15.00/hour**, your employee will be paid **\$550.00 gross**. Because **each 24- hour period costs \$220.80** and the **hourly wage for 10 hours is \$16.56**, the **total cost to be deducted from the consumer’s budget for the 2-24 hour periods and 10 hours hours will be \$607.20**

Your budget will then look like this:

\$10,000.00	Starting budget
-\$441.60	Cost of 2 – 24 hour periods (2 x \$200 = \$400 x 10.4%)
-\$165.60	Cost of 10 hours @ \$15 hr. (10 x \$15 = 150 x 10.4%)
\$9,392.80	Remains in budget

STEPS TO CALCULATE YOUR BUDGET



Method #1:

$$1. \quad \frac{\$11.04}{\text{Hourly Pay Rate}} \times 10.4\% \text{ Tax Rate} = \frac{\$12.19}{\text{Cost of Hourly Services}}$$

$$2. \quad \frac{\$10,000}{\text{Total Budget Amount}} \div \frac{\$12.19}{\text{Cost of Hourly Services}} = \frac{1820.3}{\text{Total number of Available Hours}}$$

OR

Method #2:

$$1. \quad \frac{\$11.04}{\text{Hourly Pay Rate}} \times \frac{10}{\text{Hours Worked}} = \frac{\$110.40}{\text{Employee Gross Pay}}$$

$$2. \quad \frac{\$110.40}{\text{Employee Gross Pay}} \times 13.3\% \text{ Tax Rate} = \frac{\$14.68}{\text{Employer Taxes}}$$

$$3. \quad \frac{\$14.68}{\text{Employer Taxes}} + \frac{110.40}{\text{Employee Gross Pay}} = \frac{\$125.08}{\text{Total Cost of Services Deducted from Budget}}$$

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