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Introduction

Welcome to the Services Budget Tool (SBT) Case Study: Examining Tenant-Based Service Funding with the Considerations for Underwriting Tenant-Based Service Funding for Supportive Housing Guide. This tool helps underwriters use the CSH Services Budget Tool and Considerations for Underwriting Tenant-Based Service Funding for Supportive Housing Guide to evaluate service funding for supportive housing developments, with a specific focus on tenant-based service funding such as Medicaid.

Supportive housing service funding often involves complex budgeting. This guide simplifies the process with step-by-step instructions, examples, and visual aids.

By following this guide, underwriters will:

- Understand the tools and their purpose.
- Learn how to accurately input data into the budgeting tool.
- Generate and interpret budget and revenue projections.
- Integrate the outputs into the underwriting process.
- Request documentation to validate Medicaid amounts.
- Assess risk and capacity of providers.
- Review and adjust inputs based on feedback and changes.

The guide includes a case study to show practical application, along with visual aids for better understanding.

Sample Case Study: Integrating SBT with Underwriter Guide

To effectively follow this *CSH Services Budget Tool* (SBT) example, please download the Excel file and fill it out in Read-Only mode. This guarantees that the Excel file automations function correctly.

Blue boxes indicate inputs that impact formulas and outputs; please change these cells to desired values.

Green boxes indicate outputs linked from other cells' inputs; **please do NOT change these cells.**

Peach boxes indicate budget items that are automatically calculated but can be overridden.

Project Background

- New supportive housing program
- Project name: Proseware Supportive Housing Initiative (Proseware) is a new building with an established service provider
- Service provider: ABC Service Inc. is an experienced HRS Medicaid service provider
- Location: Boston, Massachusetts
- Target population: Individuals experiencing chronic homelessness with HIV diagnosis.
- Service staffing model: Tenancy Support Services (TSS)
- Housing model: Single site
- Number of units: 100Number of tenants: 100
- Staffing:
 - TSS Coordinators: 5 (annual salary \$45,000)
 - Peer Specialists: 4 (annual salary \$40,000)
 - Program Director: 1 (annual salary \$65,000)
 - Administrative Support: 1 (annual salary \$36,000)
 - Supervisor: 1 (annual salary \$50,000)
- Rate- MA pays \$509 Per Member, Per Month. The state sets a threshold at which a provider needs to engage in a certain amount of time or visits to bill at the monthly rate. All must be in person services and telehealth is not allowed
- Productivity: 75% Productivity relates to the percentage of a 35-hour work week that a Direct Service Professional (DSP) spends with client in billable activities.

Percentage of budget covered by Medicaid in this example: 75% - an estimate
for this example to show what the required rate would be to cover 75% of the
budget plus other funding needed to fill the remaining gap. For example,
individuals will have lapses in coverage and not all tenants will be eligible for
Medicaid.

Step 1: Understand the Purpose and Structure of the Tool

The CSH Services Budget Tool is designed to help agencies estimate comprehensive costs for supportive housing services. It includes built-in assumptions around best practices for the most common staffing models, including Tenancy Support Services (TSS), Intensive Case Management (ICM), Assertive Community Treatment (ACT), and Critical Time Intervention (CTI). In this example we will be working with Tenancy Support Services (TSS). Most programs using tenant-based service funding such as Medicaid use a TSS service model.

The Considerations for Underwriting Tenant-Based Service Funding for Supportive Housing Guide provides best practices for underwriting supportive service funding, including key questions and resources to assist lenders and investors in evaluating supportive service funding.

Step 2: Input Data into the Service Budget Tool

- 1. Open the Budget Tool: Start by opening the CSH Services Budget Tool.
- 2. Complete the Basic Inputs and Assumptions:
 - 1. Navigate to the "Basic Inputs & Assumptions" tab.
 - 2. Select "Yes" Tenancy Support Service Coordination (TSS).
 - Select "No" to include general startup costs and Medicaid administrative costs if applicable. Since the service provider is an experienced service provider and well established, the Medicaid administrative costs and startup costs are not significant.
 - 4. For this example, we will keep everything else the same and skip to tab 6.
- 3. Now select tab 6.TSS and complete each question:
 - 1. New Supportive Housing Program: Yes
 - i. Target population: Individuals
 - ii. Number of tenants in Single Site: 100
 - 2. Staffing: In this section, enter the Full-Time Equivalents (FTE) and salaries for both billable and non-billable staff.
 - 1. Using the Recommend FTE that is generated next to the billable staff.
 - 2. TSS Coordinators: 5 (annual salary \$45,000)

- 3. Peer Specialists: 4 (annual salary \$40,000)
- 4. Program Director: 1 (annual salary \$65,000)
- 5. Administrative Support: 1 (annual salary \$36,000)
- 6. Supervisor: 1 (annual salary \$50,000)
- ii. For 2b we will complete this as if we are planning to be reimbursed by Medicaid. Unit of Service (UOS) Assumptions for Billable Staff are the same from our basic assumptions tab, so we only have to adjust the following two data points:
 - 1. Adjust Productivity to 75%
 - 2. Avg. # Clients Seen per Day 6 automatically calculated
- iii. Medicaid Reimbursement Type & Rate
 - 1. Reimbursement Type: Per Member, Per Month, at a rate of \$509 monthly Unit of Service or UOS.
 - 2. % of Budget covered by Medicaid: 75%
 - 3. Reimbursement Rate: \$17 –This is auto calculated in cell E48 but needs to be manually put in cell E49.

Step 3: Complete Budget Template and Revenue Projections

- 1. Navigate to the "Annual Budget Template" section. For this example, we will not enter operating expenses such as rent, utilities, office supplies, and professional liability insurance. We will use the automatically calculated personnel expenses, total direct costs, administration (indirect) costs, and total program costs.
 - a. Navigate to Cell D97 F. Revenue
 - b. Complete the information about current revenue for grants the organization is currently receiving. In this case Proseware Supportive Housing Initiative receives a Ryan White Grant for \$250,000 (cell D97).
- 2. Review the Multi-Year Budget: Navigate to the "Multi-Year Budget" section. Review the projected costs and revenues over a three-year period, considering annual inflation.
- 3. Findings: With the basic information we entered we see that Proseware would have a net profit of \$47,152 based Medicaid, reimbursing 75% of their FTE billable hours. The annual budget equals the program costs plus the annual Medicaid administrative costs.

Summary	Details
Number of FTE	12
Total number of tenants	100
Annual program budget (year 1 minus one-time startup costs)	\$813,648
Cost per unit	\$67,804

Per tenant per month cost	\$678
Per tenant per year cost	\$8,136
Grants	\$250,000
Medicaid reimbursement	\$610,800
Total Revenue	\$860,800
Net	\$47,152

Step 4: Integrate with the Underwriting Guide

- Evaluate the Services Budget: Use the outputs from the budgeting tool to inform
 the underwriting process. The Considerations for Underwriting Tenant-Based
 Service Funding for Supportive Housing Guide provides a framework for
 evaluating the adequacy of the services funding, including key questions and
 resources for assessing the service provider's experience, staffing plan, and
 funding sources.
- 2. Test Assumptions Around Services Budgets: Compare the projected costs and revenue from the budgeting tool with the underwriting criteria outlined in the guide. Ensure that the services budget covers tenancy support services at a minimum and includes referrals to other services as needed by the residents.
- Request Documentation for Validation: Underwriters should ask for documentation, such as confirmation award letters, to validate the Medicaid reimbursement amounts entered into the tool. This ensures that the numbers provided are accurate and reliable.
- 4. Assess Risk and Capacity of Providers: Evaluate the split of Medicaid services to determine if there is room to increase billing. Use thresholds or boundaries to assess the risk and capacity of providers. Refer to the CSH Services Budget Tool for detailed information on budget planning, including the impact of target populations, services staffing models, housing models, startup costs, and revenue structure.

Underwriters can utilize the Services Budgeting Tool to evaluate the sufficiency and structure of funding for supportive housing services, ensuring that budgets are aligned with underwriting criteria and cover essential tenancy supports. The tool enables them to compare projected costs and revenues, validate Medicaid reimbursement figures with documentation, and assess both provider risk and capacity. By leveraging the budgeting outputs alongside the Underwriting Tenant-Based Service Funding Guide, underwriters can make informed decisions about staffing plans, funding sources, and the overall viability of service budgets, helping to safeguard the long-term sustainability of supportive housing initiatives.

Step 5: Review and Adjust as Needed

Continuously Review and Adjust Inputs: Adjust the inputs and assumptions in the budgeting tool based on feedback from the underwriting process and any changes in

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the project's scope or funding sources. Use the budgeting tool to project costs and revenue over multiple years, considering annual inflation and other factors.

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Figure 1: 3. Basic Input & Assumptions

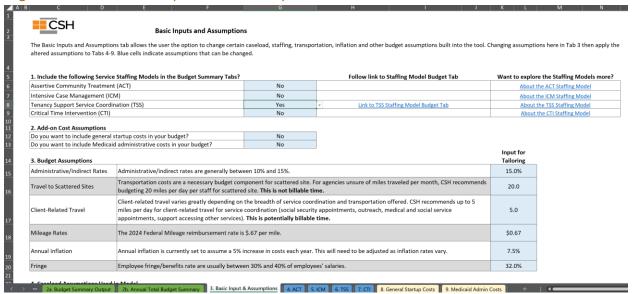
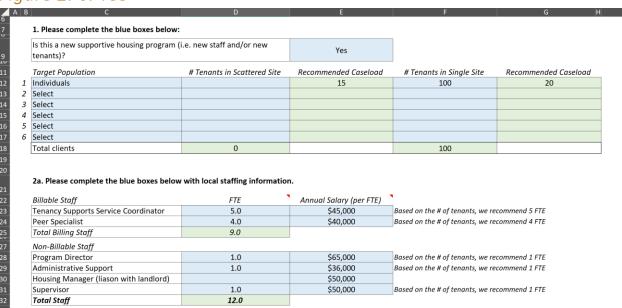


Figure 2: 6. TSS



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Figure 3: 6. TSS

		mbursed by Medicaid. Otherwise, leave as is.
Unit of Service (UOS) Assump	tions for Billable Staff	
FTE Hrs/Week	40.0	
Holiday days	10.0	We recommend at least the 10.0 Federal holiday days
PTO days	20.0	We recommend 20.0 PTO days
Personal days	3.0	We recommend 3.0 personal days
Other days off	1.0	We recommend 1.0 other days off
Productivity	75%	Billable staff will never have 100% productivity - 75% productivity is a healthy goal for single site; scattered site will vary
Avg. # Clients Seen per Day	6.0	Based on your productivity, we reccommend 6 clients seen per FTE per day
Annual UOS per Client	12	
Select your Medicaid Reimb	ırsement Type & Rate	
Reimbursement Type	Per member per month	
% of Budget covered by Medicaid	75.0%	Based on the overall cost in cell F92, a reimbursement rate of \$509 will cover this percent of your budget
Reimbursement Rate	\$509.00	

Figure 4: 6. TSS



**Your annual budget equals your program costs plus your annual Medicaid administrative costs (it does not include startup costs or onetime Medicaid costs)