



State of Delaware

DEPARTMENT OF SERVICES FOR CHILDREN,  
YOUTH AND THEIR FAMILIES

# REQUEST FOR PROPOSALS #CYF15-05

This RFP is being bid under Title 29 Section 6981 of the Delaware Code

## DESCRIPTION

Division of Prevention and Behavioral Health Services

**Project LAUNCH Evaluation**

**NO BIDDERS' CONFERENCE** FOR THIS BID OPPORTUNITY  
PROPOSALS DUE: BY 2:00 PM Thursday April 9, 2015

**The RFP schedule is as follows:**

Submit all questions to H. Ryan Bolles, DSCYF Procurement Administrator, at herbert.bolles@state.de.us **by COB April 2, 2015** to ensure a response prior to proposal due date.

N/A No bidders' conference will be held for this bid opportunity.

**Thursday, April 9, 2015 by 2:00 PM ET** Please submit 1 original proposal marked "ORIGINAL". Please submit 5 copies of your proposal marked COPY. Please submit **1 electronic copy of your cover letter and proposal on CD, DVD or flash drive.**

Sealed cover letter & proposals **must be delivered by 2:00 PM ET on April 9, 2015.**

**Proposals arriving after 2:00pm ET will not be accepted.**

**You are encouraged to double-side copy/print your proposals.**

Express Courier or hand deliver the sealed bids as follows:

**DELIVERY:**

State of Delaware  
Ryan Bolles, Grants and Contracts  
1825 Faulkland Road  
Wilmington, DE 19805

Although it is not recommended to ship by the US Postal Service, if this is your preferred delivery method, please address as follows:

State of Delaware  
Ryan Bolles, Grants & Contracts  
1825 Faulkland Road  
Wilmington, DE 19805

The proposing firm bears the risk of delays in delivery. The contents of any proposal shall not be disclosed to competing entities during the negotiation process.

As soon as possible The Department will work diligently to complete the proposal review and selection process in an expeditious fashion. While DSCYF reserves the right to contact bidders for additional information proposals are expected to be able to stand alone based upon the written information submitted.

As soon as possible Decisions are expected to be made and awards announced as soon as possible. Initial notification to all bidders will be by email.

## **Request for Proposal**

### **Evaluation Services for Delaware Project LAUNCH**

#### **PURPOSE**

The State of Delaware Department of Services for Children, Youth and Their Families' (DSCYF), Division of Prevention and Behavioral Health (DPBHS) is seeking proposals for professional services from research entities, including organizations or research institutions and individuals (hereinafter the "Bidder"), to lead and conduct a comprehensive program evaluation that will systematically measure the implementation and effectiveness of Delaware's Project LAUNCH, a young child wellness initiative. The Successful Bidder will perform specific evaluation functions mutually agreed upon in collaboration with DPBHS, the Project LAUNCH Project Director, the community and supporting leadership structures/teams.

#### **CONTEXT**

DPBHS has received a grant award from the Substance Abuse and Mental Health Services Administration (SAMHSA) for Project LAUNCH (Linking Actions for Unmet Needs in Children's Health) to allow Delaware to promote the wellness of young children, from birth to eight years, by addressing the physical, social, emotional, cognitive and behavioral aspects of their development and to further advance the shared vision of Delaware's collective early childhood system for the wellness of young children. Improved collaboration and coordination of child-serving systems, the integration of behavioral and physical health services and the availability of evidence-based programs for children and families will drive this work to ensure children are thriving in safe, supportive environments, entering school ready to learn and have comprehensive skills they need for future success. Based on current research Project LAUNCH communities are mandated to implement a core set of five prevention and promotion strategies:

- Screening and assessment in a range of child-serving settings;
- Integration of behavioral health into primary care;
- Mental health consultation in early care and education;
- Enhanced home-visiting with a focus on social and emotional well-being; and
- Family strengthening and parent skill training.

In addition to providing these types of direct services, Project LAUNCH communities increase knowledge about healthy child development through public education campaigns and cross-disciplinary workforce development.

DPBHS and Delaware's Department of Health and Social Services' Division of Public Health are co-leading this project in partnership with the Red Clay Consolidated School District, local early learning programs, Nemours Children's Health System, and key stakeholders within a specified area of the City of Wilmington. Using a public health approach to address young child wellness, the initiative's goals and objectives are designed to increase family and child involvement and

help ensure that young children have comprehensive and coordinated services needed to sustain gains from birth through early elementary and beyond.

Project LAUNCH will operate within neighborhoods that comprise the attendance zones for Warner Elementary School and Evan G. Shortlidge Academy. These are communities long identified with multiple environmental risk factors and gaps in services and supports for young children, birth to eight years, and their families. These communities are areas of high poverty, have experienced high crime and violence, and have fewer high-quality early care and education programs than found in other areas.

### **AVAILABILITY OF FUNDS**

Funding under this RFP will be awarded through the Department's Division of Prevention and Behavioral Health Services and constitutes federal funds from SAMHSA, which has stated its intention to fund the project for a period of five years through September 29, 2019. The Department anticipates that funding will be available to continue this effort for the full five-year period. However, funding beyond the current grant fiscal year is contingent upon the Department continuing to receive grant funds from SAMHSA in subsequent years. DSCYF reserves the right not to award contracts for any or all of the service areas included in this RFP. Contract start date may vary depending on the length of the negotiations and other factors, but it is the Department's goal to begin service delivery as soon as possible.

### **PERIOD OF AWARD**

The federal grant from SAMHSA which funds this project runs on a fiscal year of September 30, 2014 to September 29, 2015, and it is anticipated that subsequent years will be on the same fiscal calendar. The Department anticipates that the contractual agreement with the successful Bidder will begin in April 2015 and extend through September 29, 2019, contingent upon successful contractor performance and continued availability of funds. The successful Bidder must accept full payment by conventional check and/or other electronic means and/or procurement (credit) card at the State's option, without imposing any additional fees, costs, or conditions.

The amount of the contract awarded under this RFP cannot exceed \$100,000 in year one, and \$120,000 per year in years two through five, making an expected total amount for the contract up to \$580,000. A payment structure (e.g. deliverable, benchmark, etc.) will ultimately be negotiated for the final contract.

### **SERVICE DESCRIPTION**

Delaware Project LAUNCH is expected to design and implement comprehensive evaluations of their Project LAUNCH programs. The evaluation aims to assess the implementation, effectiveness, efficiency and outcomes of Delaware Project LAUNCH activities, programs and supports at state and local levels, and to assess changes in service systems, access, utilization and outcome disparities for the identified target population.

Bidders are strongly encouraged to review Delaware Project LAUNCH's Application (see Appendix A). More specifically, Bidders should review Section E of the Application (see Appendix A) for a detailed summary of Delaware Project LAUNCH's proposed approach for data collection, performance assessment and data measurement. The successful Bidder will be expected to refine the proposed method of evaluation, data collection and performance assessment in collaboration with DPBHS, DPH, and the community partners affiliated with the project throughout the term of award.

As the federal grant recipient DPBHS will direct the identification, collection, maintenance, analysis and reporting of project data that will demonstrate grant project performance over time; however, the Bidder will provide leadership in the evaluation design and development of a methodology for gathering, analyzing and reviewing data from a variety of sources to determine outcomes as well as to make data-informed decisions on programmatic adjustments to address identified issues across the following domains: program services; activities development; implementation activities; data collection activities; and data reporting.

Specific objectives of the evaluation include assessment of key process and results of, including but not limited to:

1. Services Access;
2. Family Engagement;
3. Capacity Building Efforts across child-serving systems; and
4. Service Delivery.

Bidders must describe the specific strategies they will use to implement the process and outcome evaluation. The process evaluation will assess the implementation of the five core strategies and systems change activities for local communities, including the fidelity of implementation of chosen practices and programs. The process evaluation should include mechanisms for using data to make program improvements. The outcome evaluation will assess changes in four domains: systems, providers, parents/caregivers/families, and children. Components of the evaluation should aim to demonstrate potential linkages between project activities and outcomes both at the state and local levels.

The successful Bidder will fill the role of **Local Evaluator** as described in the Proposal and RFA, and will provide leadership for the required evaluation components of the project. Following is a brief description of the required expertise and responsibilities for this role.

The successful Bidder for this contract should have expertise in planning and executing program evaluation in the area of public health and early childhood mental health in addition to expertise in quantitative and qualitative data collection methods. The Evaluator's main responsibilities will include: (1) leadership in planning and developing the local evaluation plan (to include process and outcome components); (2) leadership in collecting, analyzing, and disseminating data; (3) participation in the national cross-site evaluation, including training and technical assistance on common data elements, tools, and approaches; (4) providing ongoing evaluation technical assistance to service providers and the Project LAUNCH program team, as well as oversight of the local data collection activities; (5) sharing of data results and evaluation

processes with the Project's leadership team (Project Director/Young Child Wellness Expert, Co-Director/Young Child Wellness Partner and the Local Young Child Wellness Coordinator); and (6) reporting on the evaluation through annual technical reports, quarterly TRAC data entry, and monthly meetings and calls with SAMHSA project officers and the national cross-site evaluation team.

## **OBJECTIVES OF THE EVALUATION**

Evaluation of the project's goals and objectives against actual implementation across affiliated programs will align with the state's early childhood goals and objectives and core indicators identified in *Sustaining Early Success: Delaware's Strategic Plan for a Comprehensive Early Childhood System*. Decisive indicators used for project evaluation include: 1) a description of the social, economic, cultural, and environmental contexts of all programs, 2) a description of major components/services across the spectrum, 3) staffing, referral and linkage variables, 4) pre and post numbers of populations served, and 5) parents/staff/providers trained. The successful Bidder of this RFP will help form and work closely with Project LAUNCH Local Evaluation Team, as well as the Federal Evaluation Team to develop an evaluation plan and data tracking strategies, seek approval from the appropriate institutional review board(s) and lead the data collection and management system for Project LAUNCH.

### **Evaluation Activities**

The successful Bidder will develop a refined Evaluation Plan that describes the evaluation design, including data collection instruments that measure the effectiveness of grant activities at the State and local levels, and how data will drive decisions and processes for continuous quality improvements. The plan will meet local evaluation needs as well as address the requirements of the national multi-site evaluation (MSE). The successful Bidder will receive ongoing training on the national evaluation protocols, including common data collection instruments and measures, data collection requirements and management and reporting procedures.

The Evaluator will address the effectiveness of Project LAUNCH's core five identified strategies to improve child wellness as previously identified and as listed below:

- 1. Screening and assessment in a range of child-serving settings;**
- 2. Integration of behavioral health into primary care settings;**
- 3. Mental health consultation in early care and education;**
- 4. Enhanced home visiting through increased focus on social and emotional well-being;**  
**and**
- 5. Family strengthening and parent skills training.**

In addition to addressing the five strategies, the Evaluator will provide feedback on the logic model and its indicators, assessment of system change, assessment of program services and propose a community-wide population outcome study using existing data sets from national, state, or local data centers. Examples of data sets for potential use in designing a population outcome study include: local-level early childhood and early learning system data, community-level kindergarten readiness data, Data Resource Center for Child and Adolescent Health, CDC's

National Center for Health Statistics (NCHS), Community Health Status Indicators (CHSI), KIDS COUNT Data Center, etc.

The successful bidder will be required to participate in all aspects of the Project LAUNCH evaluation, which includes three distinct and connected levels of data collection and assessment efforts (described below).

## **1. Federal Reporting Requirements (GPRA & CDP)**

All SAMHSA grantees are required to collect and report certain data so that SAMHSA can meet its obligations under the Government Performance and Results (GPRA) Modernization Act of 2010. Previously this data was collected using a system called the Transformation Accountability System (TRAC), with which Bidders are expected to be familiar and experienced. Delaware Project LAUNCH will gather this information using a new Federal system, referred to as the Common Data Platform (CDP). The Evaluator will consult, cooperate, advise and assist the Project Director in the compilation and production of these reports, as needed. Bidders must document their ability to collect and report the required data outline in “Section E: Data Collection and Performance Assessment and Data Measurement” of the **Application**.

Grantees will be required to report on the following performance measures:

- Number of people in the mental health and related workforce trained in specific mental health-related practices/activities specified within the grant.
- Number of organizations collaborating/coordinating/sharing resources with other targeted organizations (e.g. child-serving agencies and organizations).
- Number and percentage of work group/advisory group/council members who are consumers/family members.
- Number of people receiving evidence-based mental health-related services as a result of the grant.
- Number of individuals screened for mental health or related intervention.
- Number of individuals referred to mental health or related services.

The collection of these data will enable SAMHSA’s Center for Mental Health Services (CMHS) to report on the National Outcome Measures (NOMs) which have been defined by SAMHSA as key priority areas relating to mental health. In addition to the NOMs, data collected by grantees will be used to demonstrate how SAMHSA’s grant programs are reducing disparities in access, service use, and outcomes nationwide.

Performance data will be reported to the public, the Office of Management and Budget (OMB) and Congress as part of SAMHSA’s budget request.

## **2. Grantee-Specific Evaluation**

The Evaluator will design and implement a comprehensive evaluation of the individual programs which comprise Project LAUNCH. The Evaluator will submit a comprehensive and detailed

Evaluation Plan to DSCYF, which must include process and outcome evaluation components. The Plan will describe the specific strategies that will be used to implement the process and outcome evaluation. The process evaluation will assess the implementation of the five core strategies and systems change activities, including the fidelity of implementation of chosen practices and programs. The process evaluation should also include mechanisms for using data to make program improvements. The outcome evaluation will assess changes in four domains: systems, providers, parents/families, and children. Component of the evaluation should aim to demonstrate potential linkages between project activities and improved outcomes both at the state and local levels, as identified in the LAUNCH logic model.

### **3. National Multi-Site Evaluation**

Certain selected Project LAUNCH grantees will be required to participate fully in the national multi-site evaluation (MSE) and will receive ongoing training on the evaluation protocols, including common data collection instruments and measures, data collection requirements and management and reporting procedures. These grantees will be expected to collect and report their own data to the MSE, will be required to enter data into the MSE web-based portal on a semi-annual basis, and will also participate in periodic telephone interviews and/or site-visits by the MSE team.

*IF* Delaware is selected as one of the grantees to participate in the MSE, the Evaluator will consult, cooperate, advise and assist in the collection, compilation and submission of such data, as necessary.

### **Approach and Methodology**

The Evaluator is expected to use a variety of qualitative and quantitative methods to assess a variety of system changes and activities, and the quality and effectiveness of child-serving programs, including the use of evidence-based practices.

Bidders are strongly encouraged to review the RFA issued by SAMSHA to ensure their ability to meet all Federal Grant requirements.

- **Systems Change Activities:** A variety of qualitative and quantitative methods will be employed to assess system change. These include: attendance at inter-organization meetings, meeting minutes, policy and procedural changes in response to meetings, and family feedback about meetings. Within the identified community, referrals and report sharing will be tracked. For EBP training that takes place, the evaluation team will collect attendance sheets and pre and post surveys focused on assessing knowledge of specific practices.

- **School System Change Activities:** School wide data will be collected through a partnership with DOE and will include rates of grade retention for children 4-8 years old, discipline records, and school wide records of screenings for children's cognitive development. Similar data will be collected across the early learning community where possible. All teachers and counselors taking part in PATHS curriculum training will be asked to provide evaluation data. Participants will be surveyed before the training about their use of strategies to teach socio-emotional skills. The

evaluation team will follow-up with teachers and counselors mid and post-academic year to reassess their use of strategies to teach socio-emotional skills. Furthermore, teachers will be surveyed about teacher stress and their perception of the usefulness and effectiveness of the PATHS curriculum. School principals will also be surveyed to assess their attitude toward evidence-based curricula. And strategies they are implementing to promote the curricula. The evaluation team will recruit a representative sample of families in classrooms that have implemented the PATHS curriculum.

- **Health Care System Activities:** Participating sites will include practices and clinicians in the Nemours Children's Health System. Electronic chart audits from Electronic Health Records (EHR) will assess the number of children receiving well-child visits, rates of screenings using evidence-based tools (including cognitive screens, mental health screens, and trauma screens), children's BMI, rates of immunizations, rates of follow-up visits, and rates of referral to behavioral health services. Evidence-based screening tools will be considered those with demonstrated reliability and validity. The accessed EHR records will also provide the evaluation team with information about health care consumers' racial, ethnic, and socio-economic make-up in order to assess disparities in access to care. Doctors will be surveyed regarding their routine use of evidence-based screening, practices regarding parent education (e.g. giving parent handouts), and referral practices.

- **Prevention and Behavioral Health System Change:** Rates of utilization of promotion, prevention and early intervention services will be obtained through access to the Department's Family and Child Tracking System (FACTS). This system will provide the evaluation team with information about the racial, ethnic, and socio-economic make-up of community members utilizing behavioral health services. In order to assess parents' knowledge and perception of behavioral health services (i.e. 2-1-1/Help Me Grow, Early Intervention), parents will be recruited from targeted school settings to take place in focus groups. Focus group participants will also complete a brief survey. Furthermore, as mentioned above, when EBP trainings take place attendance sheets and pre and post surveys will be utilized by the evaluation team.

## **Deliverables**

The Lead Evaluator will be responsible for the analysis of data and dissemination of results after each data collection cycle in order to answer implementation and outcome questions. Results will be regularly shared with service providers and also presented at local, state and national meetings. These meetings will include state and local young child councils, scientific conference, state planning meetings, and meetings sharing results with community members.

## **PROVIDER QUALIFICATIONS**

The successful Bidder must have experience and expertise in planning and executing program evaluation (both process and outcome) in the area of public health and early childhood mental health and development. The Bidder must demonstrate experience in quantitative and qualitative data collection, analysis, reporting and knowledge of multi-site evaluations. It is expected that the successful Bidder will have experience in evaluating programs funded through federal grants. It is expected the Bidder will have experience working with early childhood systems, mental

health systems, such as DBPHS, and/or public health systems. Additionally, the Bidder must have had experience working with diverse populations and knowledge of diversity, social competency and linguistic competency. The goal of the evaluation is to ensure that data is collected from the diverse population that the grant will serve and the Evaluator has to be aware of the challenges in doing this.

The successful Bidder must have demonstrated experience in undertaking comparable evaluations of grant-funded projects, and current capability and capacity to meet the requirements of this evaluation. To this end, Bidders should describe one or more projects of comparable scale and complexity for which it has provided similar evaluation services.

The successful Bidder will also possess experience in developing and analyzing surveys. The Evaluator must have experience implementing an evaluation process similar to that outlined in Section E of the Application. The Evaluator must possess:

- Experience evaluating federal grant initiatives of a roughly comparable scope and complexity,
- Experience with NOMS, GPRA, TRAC, etc.,
- Experience with developing logic models,
- Experience coordinating with IRBs,
- Knowledge/experience of early childhood mental health and public health systems,
- Experience with strategic planning and leadership; that is, experience leading a collaborative evaluation effort,
- Experience engaging community partners/forming workgroups/committees – building cross-system and stakeholder groups, and
- Experience in report writing, and the ability to write clear reports that can be understood by community members, families and other grant partners.

## **PROPOSAL CONTENT and SCORING WEIGHT**

**1. Experience, Organizational Capacity and Staffing Plan:** Bidders will describe their experience conducting evaluation(s) of project(s) of similar scope and complexity through inclusion/citation of example(s), and will demonstrate current capability and capacity to conduct this evaluation. The lead Evaluator should be identified and his or her résumé/curriculum vitae attached, along with position descriptions and minimum qualifications of any other staff required to develop and carry out the plan, and/or the name and résumé/curriculum vitae of any existing staff of Bidder specifically identified to work on the project. **[40%]**

**2. Outline of Environmental Scan and Evaluation Plan:** The first major responsibilities of the Evaluator will be to work with the project partners and staff to conduct and assemble the Environmental Scan required by SAMHSA, and to develop a detailed Evaluation Plan, which proposes how to specifically accomplish all the goals and objectives of the required project evaluation, as described herein and in the Application and RFA. Bidders should briefly outline the manner and methods by which they propose to conduct the Scan, including identification of existing scans and assessments to be utilized and, for each activity, who will perform the work. They should also briefly describe how they propose to evaluate the implementation (process) and

outcomes of each of the Five Core Strategies specifically highlighting any refinements, adjustments or other changes the Bidder proposes to the framework and approach outlined in the Proposal. [30%]

**3. Detailed Budget:** The Bidder must provide an itemized and narrative using the approved DSCYF budget form (see instructions in Appendix B and locate budget forms where the RFP is posted at [www.bids.delaware.gov](http://www.bids.delaware.gov)). [10%]

**4. Proposed Instruments, etc.:** Bidders should outline how they propose to evaluate the five core strategies as well as process/implementation, and other evaluation requirements stated herein. The successful proposal will include suggestions for existing standardized instruments for use in various aspects of the Evaluation Plan, existing data collection forms, tools or systems to be used, and a description of any new instruments, forms, tools or systems that will need to be developed. [10%]

**5. Data Storage, Access, and Dissemination:** Bidders should briefly describe how data will be stored, whether in hard copy form or electronically or both; and what measures will be put in place to ensure security of any confidential client information consistent with State of Delaware Department of Information Technology Cloud Hosting Standards found below. It is important that the Department have access to the data, both in summary and raw form, during the life of the project, and afterward, in order that it may make use of the data for program evaluation, comparison or any other purpose the Department may deem necessary. Bidders should describe the logistics of how they intend to meet this requirement. [10%]

Cloud Hosting –Delaware's Department of Technology and Information (DTI) policy on Cloud and Offsite Hosting. These requirements located at:  
<http://dti.delaware.gov/pdfs/pp/CloudandOffsiteHostingPolicy.pdf>

APPENDIX B:

BIDDER'S FORMS AND INSTRUCTIONS

**DEPARTMENT OF SERVICES FOR CHILDREN, YOUTH & THEIR FAMILIES**

***Submission Instructions***

*Failure to follow Departmental procedures may disqualify a bidder organization.*

**I. FORMAT**

Proposals must be printed on 8 1/2" x 11" paper and should be formatted with 1" margins with numbered pages. To be considered all proposals must be submitted in writing and respond to the items outlined in this RFP. Videos will not be presented to the panel. Binding, color graphics and extensive attachments are unnecessary.

To be considered, bidders must submit a complete response to this RFP. An official authorized to bind the vendor to the proposal must sign proposals. The successful vendor must be in compliance with all licensing requirements of the State of Delaware.

Bidders may be called, only at the discretion of the issuing office, for an interview concerning their proposal. The State reserves the right to reject any non-responsive or non-conforming proposals.

**II. QUESTIONS**

All questions regarding this request for proposals shall be directed to H. Ryan Bolles by email at [Herbert.bolles@state.de.us](mailto:Herbert.bolles@state.de.us) or at 302-633-2701. Updates and answers to significant content questions will be posted on the State's solicitation web site [www.bids.delaware.gov](http://www.bids.delaware.gov). Please check for updates regularly.

**III. ETHICS LAW RESTRICTIONS**

Neither the Contractor, including its parent company and its subsidiaries, nor any subcontractor, including its parent company and subsidiaries, may engage, directly or indirectly, any person who, while employed by the State of Delaware during two years immediately preceding the date any Contract entered into as a result of this request for proposals, gave an opinion, conducted an investigation, was directly involved in, or whom otherwise was directly and materially responsible for said service described herein in this request for proposal in the course of official duties as a state employee, officer or official. The Department shall determine, at its sole discretion, whether a person was directly and materially responsible for said program, project, or contract or any other program, project, or contract related to the service described in any contract entered into as a result of this request for proposals.

**IV. PROPOSALS BECOME STATE PROPERTY**

All proposals become the property of the State of Delaware and will not be returned to the contractor. Proposals to the State may be reviewed and evaluated by any person other than competing bidders at the discretion of the State. The State has the right to use any or all ideas presented in reply to this RFP. Selection or rejection of the proposal does not affect this right.

**V. RFP AND FINAL CONTRACT**

The contents of the RFP may be incorporated into the final contract and become binding upon the successful bidder. If the bidder is unwilling to comply with the requirements, terms, and conditions of the RFP, objections must be clearly stated in the proposal. Objections will be considered and may be subject to negotiation at the discretion of the State.

**VI. PROPOSAL AND FINAL CONTRACT**

The content of each proposal will be considered binding on the bidder and subject to subsequent contract confirmation if selected. The content of the successful proposal may be included by reference in any resulting contract. All prices, terms, and conditions contained in the proposal shall remain fixed and valid for ninety (90) days after the proposal due date. Contract negotiations will include price re-verification if the price guarantee period has expired.

## **VII. MODIFICATIONS TO PROPOSALS**

Any changes, amendments or modifications to a proposal must be made in writing, submitted in the same manner as the original response and conspicuously labeled as a change, amendment or modification to a previously submitted proposal. Changes, amendments or modifications to proposals shall not be accepted or considered after the hour and date specified as the deadline for submission of proposals.

## **VIII. COST OF PROPOSAL PREPARATION**

All costs of proposal preparation will be borne by the bidding contractor. All necessary permits, licenses, insurance policies, etc., required by local, state or federal laws shall be provided by the contractor at his/her own expense.

## **IX. EVALUATION REQUIREMENTS AND PROCESS**

The Proposal Review Committee shall determine the firms that meet the minimum requirements pursuant to selection criteria of the RFP and procedures established in 29 Del. C. §§ 6981, 6982. The Committee may interview at least one of the qualified firms. The Committee may negotiate with one or more firms during the same period and may, at its discretion, terminate negotiations with any or all firms. The Committee shall make a recommendation regarding the award to the contracting Division Director of this RFP, who shall have final authority, subject to the provisions of this RFP and 29 Del. C. § 6982 to award a contract to the successful firm in the best interests of the State of Delaware. The Proposal Review Committee reserves the right to award to one or more than one firm, in accordance to 29 Del. C. § 6986.

The Proposal Review Committee shall assign up to the maximum number of points as stated in this Section for each Evaluation Item to each of the proposing firms. All assignments of points shall be at the sole discretion of the Proposal Review Committee.

The Proposal Review Committee reserves the right to:

- Select for contract or for negotiations, a proposal other than that with the lowest costs.
- Accept/Reject any and all proposals received in response to this RFP or to make no award or issue a new RFP.
- Waive or modify any information, irregularity, or inconsistency in proposals received.
- Request modification to proposals from any or all contractors during the review and negotiation.
- Negotiate any aspect of the proposal with any firm and negotiate with more than one firm at the same time. The Department reserves the right to contract with more than one vendor.

All proposals shall be evaluated using the same criteria and scoring process by the proposal review committee. Bidders may be scheduled to make oral presentations in support of their written proposals. The Review Panel will assess the strength and clarity of any oral presentation and combine the evaluations of both written and oral presentations (when applicable) in determining the overall evaluation of the proposal and in making recommendations. A summary of the Panel's recommendations will be available for review upon request.

## **X. REJECTION OF PROPOSALS**

DSCYF reserves the right to reject any/all proposals received in response to this RFP. Any information obtained will be used in determining suitability of proposed support.

Any proposal called "not accepted" will mean that another proposal was deemed more advantageous or that all proposals were not accepted. Respondents whose proposals were not accepted will be notified as soon as a selection is made, or if it is decided, that all proposals are not accepted.

Any proposal failing to respond to all requirements may be eliminated from consideration and declared not accepted.

The proposal must conform to the requirements as stated in this RFP. The State specifically reserves the right to waive any informalities or irregularities in the proposal format.

**XI. RESERVED RIGHTS OF THE DEPARTMENT OF SERVICES FOR CHILDREN, YOUTH AND THEIR FAMILIES**

Notwithstanding anything to the contrary, the Department reserves the right to:

- Reject any and all proposals received in response to this RFP
- Select for contract or for negotiations a proposal other than that with the lowest costs
- Waive or modify any information, irregularities, or inconsistencies in proposals received
- Consider a late modification of a proposal if the proposal itself was submitted on time; and, if the modifications make the terms of the proposal more favorable to the Department, accept such proposal as modified
- Negotiate as to any aspect of the proposal with any proposer and negotiate with more than one proposer at the same time
- If negotiations fail to result in an agreement within a reasonable period of time, terminate negotiations and select the next most responsive proposer, prepare and release a new RFP, or take such other action as the Department may deem appropriate
- Negotiate a renewal of the contract resulting from this RFP with appropriate modifications.

**XII. STANDARDS FOR SUBCONTRACTORS**

The prime contract with the contractor will bind sub or co-contractors to the terms, specifications, and standards of this RFP, resulting prime contracts, and any subsequent proposals and contracts. All such terms, specifications, and standards shall preserve and protect the rights of the Department under this RFP with respect to the services to be performed by the sub or co-contractor. Nothing in the RFP shall create any contractual relation between any sub or co-contractor and the Department of Services for Children, Youth and Their Families.

All sub or co-contractors must be identified in the Contractor's proposal. The proposal's workplan must also state which tasks the sub or co-contractor will perform. Approval of all sub and/or co-contractors must be received from the Department prior to the contract negotiation.

The prime bidder will be the State's primary contractor.

**XIII. CONTRACT TERMINATION CONDITIONS**

The State may terminate the contract resulting from this RFP at any time that the Contractor fails to carry out its provisions or to make substantial progress under the terms specified in this request and the resulting proposal.

The State shall provide the Contractor with 15 days notice of conditions which would warrant termination. If after such notice the Contractor fails to remedy the conditions contained in the notice, the State shall issue the Contractor an order to stop work immediately and deliver all work and work in progress to the State. The State shall be obligated only for those services rendered and accepted prior to the date of notice of termination.

With the mutual agreement of both parties, upon receipt and acceptance of not less than 30 days written notice, the contract may be terminated on an agreed date prior to the end of the contract period without penalty to either party.

Notwithstanding any other provisions of this contract, if funds anticipated for the continued fulfillment of this contract are at any time not forthcoming or insufficient, through the failure of the State of Delaware to appropriate funds or through discontinuance of appropriations from any source, the State of Delaware shall have the right to terminate this contract without penalty by giving not less than 30 days written notice documenting the lack of funding.

**XIV. NON-APPROPRIATION**

In the event that the State fails to appropriate the specific funds necessary to continue the contractual agreement, in whole or in part, the agreement shall be terminated as to any obligation of the State requiring the expenditure of money for which no specific appropriation is available, at the end of the last fiscal year for which no appropriation is available or upon the exhaustion of funds.

**XV. FORMAL CONTRACT AND PURCHASE ORDER**

The successful firm shall promptly execute a contract incorporating the terms of this RFP within twenty (20) days after the award of the contract. No bidder is to begin any service prior to receipt of a State of Delaware Purchase Order signed by two authorized representatives of the agency requesting service, properly processed through the State of Delaware. The Purchase Order shall serve as the authorization to proceed in accordance with the bid specifications and the special instructions, once the successful firm receives it.

**XVI. INDEMNIFICATION**

By submitting a proposal, the proposing firm agrees that in the event it is awarded a contract, it will indemnify and otherwise hold harmless the State of Delaware, DSCYF, its agents, and employees from any and all liability, suits, actions, or claims, together with all costs, expenses for attorney's fees, arising out of the firm, its agents and employees' performance of work or services in connection with the contract, regardless of whether such suits, actions, claims or liabilities are based upon acts or failures to act attributable, in whole or in part, to the State, its employees or agents.

**XVII. LICENSES AND PERMITS**

In performance of this contract, the firm is required to comply with all applicable federal, state and local laws, ordinances, codes, and regulations. The cost of permits and other relevant costs required in the performance of the contract shall be borne by the successful firm. The firm shall be properly licensed and authorized to transact business in the State of Delaware as defined in Delaware Code Title 30, Sec. 2502.

**XVIII. INSURANCE**

As a part of the contract requirements, the contractor must obtain at its own cost and expense and keep in force and effect during the term of this contract, including all extensions, all appropriate insurance required by State and/or Federal law with a carrier satisfactory to the State.

**XIX. NON-DISCRIMINATION**

In performing the services subject to this RFP, the firm agrees that it will not discriminate against any employee or applicant for employment because of race, creed, color, sex or national origin. The successful firm shall comply with all federal and state laws, regulations and policies pertaining to the prevention of discriminatory employment practice. Failure to perform under this provision constitutes a material breach of contract.

**XX. COVENANT AGAINST CONTINGENT FEES**

The successful firm warrants that no person or selling agency has been employed or retained to solicit or secure this contract upon an agreement of understanding for a commission or percentage, brokerage or contingent fee excepting bona-fide employees and/or bona-fide established commercial or selling agencies maintained by the bidder for the purpose of securing business. For breach or violation of this warranty, the State shall have the right to annul the contract without liability or at its discretion and/or to deduct from the contract price or otherwise recover the full amount of such commission, percentage, brokerage or contingent fee.

**XXI. CONTRACT DOCUMENTS**

The RFP, the Purchase Order, and the executed Contract between the State and the successful firm shall constitute the Contract between the State and the firm. In the event there is any discrepancy between any of these contract documents, the following order of documents governs so that the former prevails over the latter: Contract, Contract Amendments, RFP, Purchase Order and Vendor Proposal. No other documents shall be considered. These documents contain the entire agreement between the State and the firm.

**XXII. APPLICABLE LAW**

The Laws of the State of Delaware shall apply, except where Federal law has precedence. The successful firm consents to jurisdiction and venue in the State of Delaware.

**XXIII. SCOPE OF AGREEMENT**

If the scope of any provision of this Contract is too broad in any respect whatsoever to permit enforcement to its full extent, then such provision shall be enforced to the maximum extent permitted by law, and the parties hereto consent and agree that such scope may be judicially modified accordingly and that the whole of such provisions of the contract shall not thereby fail, but the scope of such provisions shall be curtailed only to the extent necessary to conform to the law.

## REQUIRED FORMS AND INFORMATION

Each bidder shall complete the following forms:

- o Organization Fact Sheet (as page 1 of proposal; **editable version can be found where the RFP is posted at [www.bids.delaware.gov](http://www.bids.delaware.gov)**)
- o Assurances – provided in the RFP
- o Certification, Representation, and Acknowledgements – provided in the RFP
- o Budget Forms (**Budget Forms available in Excel format where this RFP is posted at [www.bids.delaware.gov](http://www.bids.delaware.gov)**)

## ORGANIZATION REFERENCES

- o Bidding agency shall provide a list of all State and/or Federal contracts currently held or held in the past 3 years along with a contact name and phone number for the State and/or Federal agency

## BUDGET SECTION

The Review Committee will examine all budget materials. Costs presented in the proposal will be considered as binding for successful bidders. Each proposal shall contain a Budget Section which has the following:

- o A completed **Budget Form and Salary Schedule** reflected all costs represented in the various unit costs
- o A **Budget Narrative** which details the assumptions and calculations used in preparing the budget (See instructions included with form.)

**All proposed budgets are to be fully-loaded. There shall be no additional costs beyond the bid price.**

*Failure to complete these forms may seriously affect the ability of the review panel to evaluate the bidder's proposal and may be a factor in proposal rejections.*

**BIDDER FACT SHEET**

Place as Top Page of Proposal

RFP Title: CYF 15-05 Project LAUNCH Evaluation

Total Proposed Budget:

<b>Total Budget</b>	\$
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CORPORATE INFORMATION	
Corporation Name:	_____
Home Office Address:	_____ _____ _____
Contact Person:	_____
Home Office Phone #:	_____
Cell Number:	_____
E-mail Address:	_____

Indicate below all that apply to the bidder:

- Non-Profit Agency     Woman Owned Agency     Minority Owned Agency     Disadvantaged Business Enterprise

BIDDING OFFICE INFORMATION (IF DIFFERENT)	
Name:	_____
Address:	_____ _____ _____
Contact Person:	_____
Contact Phone #:	_____
Fax Number:	_____
E-mail address:	_____

Vendor EI#: \_\_\_\_\_ Delaware Business License#: \_\_\_\_\_

A Delaware Business License is not required to bid, but a copy of the license is required at or before the time of contract signing **IF** the bidder will be providing services within the State of Delaware.

**PLEASE SIGN THIS AND SUBMIT WITH THE PROPOSAL**

**ASSURANCES**

The bidder represents and certifies as a part of this offer that:

The organization will complete or provide any information necessary for enrollment in Medicaid requested by the Department, concerning, but not limited to, such areas as licensure and accreditation, Medicaid rates paid by other states for services provided by the organization, the usual and customary charges for medical services, and/or past sanctioning by the Centers for Medicare and Medicaid Services (CMS).

The organization will maintain records, documents, and other required evidence to adequately reflect the service under contract.

The organization agrees to maintain or to make available at a location within the State, such records as are necessary or deemed necessary by the Department to fully disclose and substantiate the nature and extent of items and services rendered to the Department clients, including all records necessary to verify the usual and customary charges for such items and services. Organizations that show cause may be exempted from maintaining records or from making such records available within the State.

The organization understands that all records shall be made available at once and without notice to authorized federal and state representatives, including but not limited to Delaware's Medicaid Fraud Control Unit, for the purpose of conducting audits to substantiate claims, costs, etc., and to determine compliance with federal and state regulations and statutes.

The organization shall retain medical, financial, and other supporting records relating to each claim for not less than five (5) years after the claim is submitted.

The organization will maintain accurate accounts, books, documents, and other evidentiary, accounting, and fiscal records in accordance with established methods of accounting.

In the event that the Contract with the organization is terminated, the organization's records shall remain subject to the Department's regulations.

The organization will physically secure and safeguard all sensitive and confidential information related to the service given. This includes service activities and case record materials.

The organization shall comply with the requirements for client confidentiality in accordance with 42 U.S.C. 290 and/or 290 cc-3.

The organization will cooperate with designated program monitors, consultants, or auditors from the Department of Services for Children, Youth and Their Families or the Criminal Justice Council in connection with reviewing the services offered under contract.

The organization will comply with all applicable State and Federal licensing, certification, and accreditation standards, including the Department's Generic Program Standards, and it will submit documentation of annual renewals of applicable licenses/certifications at whatever point they are renewed during the contract year.

The organization will not let subcontracts without prior approval from the contracting Division.

The organization will attempt to obtain all supplies and materials at the lowest practicable cost and to contain its total cost where possible by competitive bidding whenever feasible.

The organization will, upon signature of the contract, provide written assurance to the Department from its corporate counsel that the organization is qualified to do business in Delaware.

The organization agrees to comply with all requirements and provisions of the Civil Rights Act of 1964, the Rehabilitation Act of 1973, the Federal Equal Employment Opportunity and Non-Discrimination regulations, and any other federal, state, or local anti-discriminatory act, law, statute, regulation, or policy along with all amendments and revisions of these laws, in the performance of the contract. It will not discriminate against any applicant or employee or service recipient because of race, creed or religion, age, sex, color, national or ethnic origin, handicap, or any other discriminatory basis or criteria.

The organization shall comply with: the Uniform Alcoholism and Intoxication Treatment Act (16 Del.C., Chapter 22 as amended; Licensing of Drug Abuse Prevention, Control, Treatment, and Education Programs (16 Del.C., Chapter 48 as amended); Drug Free Work Place Act of 1988.

The organization shall comply, when applicable, with the Methadone Regulations (21 CFR, Part III), which prohibit use of methadone for children and youth.

The organization will establish a system through which clients receiving the service under contract may present grievances. Clients will be advised of their appeal rights by the organization.

The organization agrees that it is operating as an independent contractor and as such, it agrees to save and hold harmless the State from any liability which may arise as a result of the organization's negligence.

The organization will abide by the policies and procedures of the Department and will comply with all of the terms, conditions, and requirements as set forth in the contract. The organization understands that failure to comply with any of the terms, conditions, and provisions of the contract may result in delay, reduction, or denial of payment or in sanctions against the organization. The organization also understands that penalties may be imposed for failure to observe the terms of Section 1909, Title XIX of the Social Security Act.

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Name of Organization's Authorized Administrator

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Signature of Authorized Administrator

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Date

**PLEASE SIGN THIS AND SUBMIT WITH THE PROPOSAL**

**CERTIFICATION, REPRESENTATION, AND ACKNOWLEDGEMENTS**

By signing below, bidder certify that:

- They are an established vendor in the services being procured
- They have the ability to fulfill all requirements specified for development within this RFP
- They have neither directly nor indirectly entered into an agreement, participated in any collusion, nor otherwise taken any action in restraint of free competitive bidding in connection with this proposal
- They are accurately representing their type of business and affiliations
- They have included in their quotation all costs necessary for or incidental to their total performance under contract
- Within the past five (5) years neither your firm, any affiliate, any predecessor company or entity, owner, Director, officer, partner or proprietor has been the subject of a Federal, State, or Local government suspension or debarment

The following conditions are understood and agreed to:

- No charges, other than those shown in the proposal, are to be levied upon the State as a result of a contract.
- The State will have exclusive ownership of all products of this contract unless mutually agreed to in writing at the time a binding contract is executed.

\_\_\_\_\_  
Name of Organization's Authorized Administrator

\_\_\_\_\_  
Signature of Authorized Administrator

\_\_\_\_\_  
Date

## **BUDGET PREPARATION GUIDE**

### *General Budget Guidelines*

**Please read these guidelines thoroughly before beginning to complete the budget form.**

Depending on the type of contract, agencies may be required to complete the attached budget form in order to determine the appropriateness of agency costs allocated to DSCYF contracts and to assist DSCYF in making cost comparisons among similar programs and services. Those contracts include cost reimbursable contracts and contracts that have previously been cost reimbursable but have been converted to a unit cost contract. A separate budget form must be filled out for each program or facility funded in this contract.

### **TYPES OF COSTS**

The total cost of contracts is comprised of the allowable program costs, plus the allocable portion of agency administrative costs. Therefore, for purposes of this budget form, contracted costs are categorized into those two separate and distinct types: Program Costs and Administrative Costs. Definitions of these costs are provided below. Certain costs incurred by contractors may be deemed unallowable for inclusion in DSCYF contracts and, therefore, should not be included in the proposed budget on the Budget Form. These are enumerated later in this document.

#### **Program Costs**

Program costs are defined as those costs incurred in the provision of services to clients (see Cost Category 7 for a further discussion of the difference between program costs and administrative costs of personnel). Examples of program costs are: salaries and applicable other employment costs, travel, contractual services (such as telephone, postage, and rent), supplies, and capital outlay/equipment.

One method of distinguishing administrative personnel from program service personnel is by their proximity to client services. For instance service workers would include staff working with clients and their supervisor, if they spend 100% of their time in supervision. As appropriate, the next level of supervision/management may also be considered as part of the program staff if their principal accountability is related to the on-site oversight of the program. All levels of personnel above this level should be considered administrative staff. Full Time Equivalent (FTE) positions should be prorated if they spend time working in multiple programs. Administrative costs should be detailed in Cost Category 7, Administrative Costs.

Certain costs, such as those for space or utilities, can be either administrative or program-related, depending on what type of employee occupies the space.

#### **Administrative Costs**

Administrative costs are defined as those costs incurred to provide central support functions to the service components of the program. Administrative costs are those that have been incurred for the overall general executive and administrative offices of the organization and other expenses of a general nature that do not relate solely to any major program area of the organization. In general, administrative costs cannot be readily identified to a specific program objective without effort disproportionate to the results. This category may also include the allocable share of salaries and fringe benefit costs, operation and maintenance expense, depreciation and use allowances, and interest costs. Examples of costs that fit in this category include central office functions, such as the director's office, the office of finance, business services, budget and planning, personnel, payroll, safety and risk management, general counsel and management information systems.

### **UNALLOWABLE COSTS**

The department will not pay for the following costs:

1. Costs incurred before the effective date or after the termination date of any contract.
2. Costs incurred prior to the Contractor's receipt of the Purchase Order from the Delaware State Department of Finance.
3. Costs incurred in violation of any provision of the DSCYF contract or the DSCYF Generic Standards.
4. Costs of acquisition, renovation or improvement of facilities or land, unless specifically approved by the Cabinet Secretary of the department in writing and in advance of any work being performed. Ongoing costs of facility maintenance and repair are distinguished from improvement and are allowable.

5. Costs of political activities, including: transportation of voters or prospective voters to the polls, activities in connection with an election or a voter registration effort, contributions to political organizations and expenses related to lobbying.
6. Costs of idle facilities. Idle facilities means completely unused facilities that are excess to the organization's current needs. Unallowable costs related to the idle facility include: maintenance, repair, rent, property tax, insurance and depreciation or use allowances.
7. Interest payments, late payment fees and penalties charged by vendors as a result of late payments.
8. Costs related to fines or penalties imposed on the agency or legal fees related to the defense of the agency or any of its employees in any civil or criminal action.

In determining which costs are unallowable, the department used, in part, OMB (Office of Management and Budget) Circular A-87 Federal Cost Principles for State, Local and Indian Tribal Governments. A copy of this document is available on the OMB website (<http://www.whitehouse.gov/omb/circulars/index.html>) or will be made available to the contractor upon request.

### ***Definitions and Budget Justification Requirements***

The first 6 categories relate to the operation of the program or service. Administrative costs that fall into one of these 6 reporting categories should be reported under Cost Category #7, Administrative Costs. For instance, a portion of the salary of the agency Executive Director would be recorded under Administrative Costs either by direct or indirect allocation (see the section entitled Cost Allocation Methodologies for appropriate methods of allocating costs).

#### **Cost Category 1 - SALARIES**

**Definition:** Compensation paid to all regular and part-time employees of the organization (as opposed to contracted workers) who directly participate in the successful completion of program objectives. (See IRS **Pub. 15-A**, Employer's Supplemental Tax Guide, for more information on how to determine whether an individual providing services is an independent contractor or an employee.)

The percentage of salary cost allocated to this contract for each position should be equal to the proportion of time that that position spends working in the contracted program. Salary costs may be allocated to DSCYF programs by either an indirect allocation methodology or a direct allocation methodology depending on which is most appropriate for each position (see the section entitled Cost Allocation Methodologies for a list of acceptable allocation methodologies). *DO NOT report the salaries of administrative staff in this section even if they are allocated to individual programs by a direct allocation methodology such as a time study. Salaries of administrative staff should only be reported in Cost Category 7, Administrative Costs.*

Salary increases, where they can be accommodated within DSCYF contracted budget resources, should be calculated in accordance with established agency personnel policies. For example, if a salary increase is not scheduled until April of the proposed program year, the budgeted salary should be calculated at the current salary rate through March of the proposed year, and at the new rate beginning in April for the remainder for the program year.

Salaries for new positions should be budgeted for the number of months that they can reasonably be anticipated to be filled. The agency should provide a written explanation if it anticipates that a new position will be filled for a period greater than ten months.

**JUSTIFICATION REQUIREMENTS:** If not already on file with the department or if new position categories are added or position requirements changed, the Contractor shall provide a copy of job descriptions for each staff position that is necessary for the accomplishment of program objectives with the signed contract. The job description should state the major duties to be performed and the necessary qualifications of the individual hired to perform them. A Salary Detail Sheet must be completed with the information for all positions that are included in this cost category. Instructions for the Salary Detail Sheet are included as a separate attachment.

## Cost Category 2 - OTHER EMPLOYMENT COSTS

Definition: Includes employee benefits and taxes related to positions paid for under this contract. Costs may include the following line items:

Unemployment Insurance, Pensions, Health Insurance, Worker's Compensation, FICA, Medicare Tax and other benefits

The percentage of "Other Employment Costs" for any position that is only partially allocated to this contract cannot exceed the percentage of salary charged in the contract for that position. For instance, if 25% of a salary is requested, no more than 25% of any applicable "Other Employment Cost" may be requested.

**JUSTIFICATION REQUIREMENTS:** Show computation for each employment cost item specified in the budget. Other employment costs should be calculated at CURRENT RATE, not at projected rates, unless the contractor has received notice of a mandated change in benefit rates. Specify the nature of "other benefits" and show relevant computation. This type of cost must be in accordance with written agency personnel policy.

## Cost Category 3 - TRAVEL

Definition: Cost of transportation, lodging, and related cost of travel for trips necessary for carrying out contract objectives. Overnight trips must be authorized as provided for in contractor agency personnel policies.

- a. **Mileage:** Reimbursement for miles traveled by agency employees/volunteers in private vehicles for the purpose of carrying out program plan objectives must be in accordance with established contractor agency policies. Mileage cost related to travel to and from an employee's principal place of business is not allowable.
- b. **Common Carrier:** Bus, train, taxi, or airplane fares.
- c. **Meals:** Applies to out-of-state travel only and includes tips for meals. Alcoholic beverages may not be charged.
- d. **Lodging:** Applies to overnight travel only.
- e. **Other Travel:** Tolls, parking fees, tips for service, baggage check fees. Does not include conference registration.

**JUSTIFICATION REQUIREMENTS:** The agency should indicate the reimbursement per mile and reimbursement per meal, etc. in their agency policy. Show computation of budgeted figure. Briefly describe the general purposes of travel.

## Cost Category 4 - CONTRACTUAL SERVICES

Definition: Services performed by people who are not in the employ of your agency (see definition of employee in Cost Category 1 – SALARIES). Allowable services include the following line items:

- a. **Other Professional Services:** Includes professional services such as legal, educational or medical which are not specifically defined in other line items and which assist in successful Postage accomplishment of program objectives.
- b. **Postage and Freight:** Includes the costs of postage and/or shipping of program-related correspondence and items when such expenses are not billed as part of the original cost of the item.
- c. **Telephone:** All telephone charges related to the operation of program functions.
- d. **Utilities:** Includes water and sewerage, electricity, gas for heating (natural and propane), and other heating fuels (listed separately on the budget narrative).
- e. **Insurance:** Includes insurance for building, contents, motor vehicles and liability insurance for employees who work in the program (general liability insurance should be included under Administrative Costs).
- f. **Rental/Mortgage - Building/Office/Land (see line item g for facility Use Allowance):** Includes rental on all space related to the operation of the program. Rental costs are allowable to the extent that costs are reasonable in light of such factors as: rental cost of comparable property, if any, current market value in the

area, alternatives available, and the type, life expectancy, conditions, and the value of the property leased. Agencies may be asked to produce data that demonstrates that the cost per sq. ft. is reasonable for the area in question. Funds shall not be requested for rental of facilities that are not utilized for program objectives or that are in excess of the reasonable space necessary to carry out such objectives. In determining the reasonableness of the rent charged, the department will use *OMB Circular A-87, section 38. Rental Costs*. Where utilities are included in the rental amount they must be clearly identified. Mortgage costs are allowable to the extent that they are proportionate to the square footage used by the program and to the value of the property. Where an agency holds a clear title to a facility, one of the methods in line item g should be used to charge for space costs. (see \* at end of this section)

- g. Use Allowance and Depreciation:** This category is appropriately used to record space costs related to DSCYF contracted programs or services where the agency holds a clear title to a building or equipment.

In this case, the agency may use one of two methods but, once chosen, a methodology may not be changed without the approval of the contract manager in accordance with IRS guidelines. The two methods are:

- i. Use allowance: where this method is followed, the use allowance for buildings and improvements, including land improvements, such as paved parking areas, fences and sidewalks, will be computed at an annual rate not exceeding two percent of the acquisition cost. The use allowance for equipment will be computed at an annual rate not exceeding 6 2/3 percent of acquisition cost.
- ii. Depreciation: where this method is followed, the straight-line method shall be used in the absence of clear evidence indicating another method shall be used and the Contractor should provide a depreciation schedule.

In either case, the method chosen (in accordance with OMB Circular A-87) shall be documented and initiated by the independent CPA firm that prepares the annual financial statements and agency audit. Final approval shall be made by DSCYF.

Additional restrictions on the use of these two methodologies are as follows:

- i. The computation of depreciation or use allowance shall be based on the acquisition cost of the assets involved.
- ii. Any portion of the cost of buildings and equipment donated by the Federal, State or Local government including the land cost is disallowed.
- iii. Any portion of the cost of buildings and equipment contributed by the organization in satisfaction of a matching requirement is disallowed. (see \* at end of this section)

For additional guidance on how to depreciate property see IRS Publication 946 or form 4562 or visit the IRS website at <http://www.irs.gov/pub/irs-pdf/p946.pdf> - 454.8KB.

- d. Rental - Equipment:** Includes rental of all equipment necessary to carry out program objectives.
- i. Repair/Service/Maintenance:** Includes repair, servicing and maintenance of program facilities, motor vehicles, office equipment, and all other equipment that is necessary to carry out the program.
- j. Printing and Binding:** Includes printing and preparing for distribution of all program related printed matter, including brochures, flyers, etc. for the promotion of program objectives. This does not include office stationery (see Stationery and Office Supplies) or newspaper display ads (see Advertising).
- k. Association Dues and Conference Fees:** Includes all membership fees and registration/attendance fees at conference/workshops where such activity or membership is directly related to the accomplishment of program objectives.
- l. Advertising:** Includes advertising for bids for contracted services, advertising for program positions or advertising for program activities in the public media, etc.
- m. Other Contractual Services:** Includes costs that cannot be classified under contractual services line items a through l above. Examples of such costs include property taxes, stipends, temporary employment agency fees, etc.

\* JUSTIFICATION REQUIREMENTS: For items f & g above, the agency must specify the owner of the building in which the program will operate and the relationship of the building owner to the contracted organization. For all items, above give general purpose and basis for each item requested in this cost category.

## Cost Category 5 - SUPPLIES AND MATERIALS

Definition: Supplies and materials must have a cost per unit of less than \$1,000 regardless of the item's expected useful life.

- a. **Food:** Includes food purchased for human consumption as part of a service program.
- b. **Linens and Blankets:** Includes the purchase and repair of linens and blankets for use as part of a service program for residential services.
- c. **Stationery and Office Supplies:** Includes all office stationery and office supplies necessary for program activities.
- d. **Housekeeping Supplies:** Includes supplies necessary for building maintenance and client personal hygiene as part of a site-based program or service.
- e. **Educational, Recreational, Cultural Supplies and Subscriptions:** Includes all such materials useful in the development of program activities or in the provision of direct services through educational means.
- f. **Motor Vehicles - Accessories, Tires, Parts, Motor Oil/Grease:** Includes expendable items, which are purchased and installed by agency personnel. Such expenditures are limited to the repair and servicing of agency-owned or leased vehicles only. Motor vehicle repairs performed by garages, etc. should be budgeted under "Contractual Services" (see #4i).
- g. **Gasoline:** Includes gasoline purchased for the necessary operation of agency-owned or leased motor vehicles used for program activities.
- h. **Other Supplies and Materials:** Includes all supplies and materials that cannot be properly classified above, and that are necessary for program activities.

JUSTIFICATION REQUIREMENTS: Give purpose and basis for each category requested in this line item.

## Cost Category 6 - CAPITAL OUTLAY/EQUIPMENT

Definition: Capital outlay items have a cost per unit of \$1,000 or more and a useful life of more than one year.

JUSTIFICATION REQUIREMENTS: Itemize and give purpose for requested costs. All capital purchases shall be the property of DSCYF.

## Cost Category 7 – ADMINISTRATIVE COSTS

A more detailed definition of Administrative Costs as distinguished from Program Costs was provided at the beginning of this document. Examples of costs that fit in this category include central office functions, such as the director's office, the office of finance, business services, budget and planning, personnel, payroll, safety and risk management, general counsel and management information systems.

Types of costs that may be included under this category include:

- a. Salaries
- b. Unemployment Compensation
- c. Pensions
- d. Health Insurance
- e. Workers Compensation
- f. FICA
- g. Other Benefits (specify in narrative)
- h. Other Support costs (specify in narrative, including cost per sq. ft. for buildings)
- i. Agency local office administrative costs allocated to DSCYF contracted programs
- j. Agency central office administrative costs allocated to DSCYF contracted programs

In most cases the agency will use either the line item format to report its local agency (as opposed to central headquarters) administrative costs that is represented by items a through h above or it may lump all of those cost items into item I, for instance, if such costs have been allocated to this DSCYF service using a single allocation percentage.

If the agency does not have a “parent corporation”, usually located outside of Delaware, for which an administrative cost is allocated to the DSCYF contract, item j. will be left blank.

**JUSTIFICATION REQUIREMENTS:** The allocation of each line item cost in this category must be supported by a valid methodology that fairly and equitably distributes costs to the program component of the contract in direct proportion to the benefit derived. For each line item, the agency must provide a valid methodology for allocating the cost. The attached Salary Detail Sheet must be completed with the information for all positions that are directly charged in this cost category. Instructions for the Salary Detail Sheet are included as a separate attachment. **COSTS OF THIS TYPE MUST BE REQUESTED AND JUSTIFIED ON A LINE-ITEM BASIS.** Agencies should include an organizational chart that identifies the relationship between the contracted program or service and the rest of the organization.

### **Additional General Budget Preparation Guidance**

**Startup costs:** such proposed costs for new programs must be clearly identified separately from on going program costs.

**Federally Negotiated Indirect Cost Rates:** Some agencies may have an Indirect Cost Rate that has been negotiated with one or more federal cognizant agencies. While the Department may choose to accept this rate as the administrative cost percentage for its contracts, nothing in state or federal law or regulation obligates the department to do so. Acceptance of this Indirect Cost Rate must be negotiated with the contract.

**Documentation:** Even where the Department does not require the agency to provide a narrative justification with the contract, contractors must maintain documentation in their files to support the legitimacy of all costs charged to this contract.

### **COST ALLOCATION METHODOLOGIES**

For each central administrative function, the agency will have to choose an allocation methodology, which will result in a fair and equitable assignment of costs within the organization to each program or service. Where an agency operates only one program or service at a single location, administrative costs can most likely be wholly allocated to that program or service. Where an agency operates multiple programs or services, however, central administrative costs must be apportioned between those programs or services. Program costs may at times need an allocation methodology, such as when program staff split their time between two or more programs or locations. This will be addressed in paragraph five of this section.

*Cost allocation* is a process whereby the cost of maintaining the central administrative functions of an organization are distributed or apportioned to the specific programs or services operated by the organization. In cost allocation terminology, these programs or services are called *final cost objectives*, i.e. the final purpose for which both types of costs, program and administrative, are being incurred. Within the department, we define this “final purpose” as the provision of such services as: outpatient mental health services, family preservation services or residential rehabilitative services for juvenile offenders. These are just examples of the many services purchased via contract by the department. Administrative costs cannot usually be easily distributed or allocated to final cost objectives where multiple programs exist within an organization. For instance, most large organizations have a human service function that engages in such activities as recruitment, hiring, training, benefit administration and payroll. The cost of operating this function is incurred for the common purpose of the organization. Without keeping detailed records of activities performed and for which final cost objective of the organization those activities were performed (i.e. which distinct service or program benefited from the activity), however, it would be nearly impossible to assign the appropriate share of the cost of the human resources function to a particular program or service.

This is why an organization needs to engage in cost allocation. A sound cost allocation process or methodology allows an agency to allocate the cost of central functions like human resources to final cost objectives in a manner that conceptually approximates the workload expended on behalf of or for the benefit of the final cost objectives. Using the human resource function as an example again, an easily obtainable piece of data that is commonly used to allocate central human resource costs to programs or services is the number of FTE’s who work in those programs or services. One can easily see the relationship between the number of positions employed with a program and the workload

required for recruiting, hiring and administering benefits, etc. for those employees. The more people assigned to a particular area of the organization – the greater the workload of the human resources staff, generally speaking. Other representative units of work (like FTE's in the previous example) or *allocation bases* that are commonly used in the cost allocation process are the number of dollars expended on the provision of a program or service at the client level (in the case of human service programs) or the amount of revenue that a program or service generates for the organization. This method of apportioning administrative costs to programs on the basis of the relative dollar amount spent on or generated by the program is commonly used to allocate multiple central agency administrative functions where no other easily obtainable, more accurate basis for cost distribution is available. Again, the key is that the basis chosen should allocate the cost of central functions to final cost objectives in a manner that *reasonably approximates* the benefits that accrue to the final cost objective as a result of the central function being performed.

An allocation of central administrative costs to programs or services can be either by *direct or indirect* assignment. Where agencies can specifically identify a central service with a benefiting final cost objective, a direct method of allocation is generally preferred. For example, continuing with the example in the preceding paragraph of the human resources function, suppose that an organization operated three programs and the organization had assigned specific human resources staff to work exclusively with each of these programs. Given that the salary and fringe benefit costs for these positions can be easily identified, the agency may wish to assign those costs directly to each program. This would be known as a *direct allocation* of cost in cost allocation terminology. The alternative would be to use a representative *allocation basis*, such as the number of FTE positions or expenditures or revenue related to each program or service to allocate the cost of the human resource function to those programs or services. Using an *indirect* indicator of workload would be called an *indirect allocation* of costs. Indirect allocation methods result in a percentage being applied to the cost of the central function. For example, consider a scenario where the agency operates three programs: Program A has 2 staff, Program B has 3 staff and Program C has 5 staff. If the agency chose the number of employees in each program as its allocation basis to allocate its HR function, then the result would be that Program A would be assigned 20% of the HR costs, Program B would get 30% and Program C would get 50%. Note that in this example, the number of staff in each program is used as the determinant of cost allocation precisely because there is a direct connection between the number of people employed in a program and the amount of human resources work required to support that program. This would be an *indirect* allocation of the human resources costs. Regardless of which allocation methodology is chosen, the agency will have to justify in the narrative why it chose that particular methodology (either a *direct or indirect allocation* of cost) and why it chose a particular allocation basis if the allocation is an indirect one.

So far, we have only addressed administrative costs. However, when staff work directly with clients in multiple agency programs or services, it will be necessary to choose an allocation methodology for those costs as well. For example, an agency that operates several residential programs may have a nurse that rotates his or her time between those programs in some proportion. If, for example, the agency had 5 programs and the nurse spent one day a week at each program, then the agency could allocate .2 FTE or 20% of the nurse's cost to each program. This would constitute a direct allocation. Alternatively, the agency could use the number of clients served in each program (expressed as a percentage of total clients) to allocate the cost of nursing services across programs if that is a stable, more appropriate measure of workload.

Common acceptable allocation bases used to allocate shared costs (either administrative or program) that benefit more than one program or service include:

1. the percentage of agency revenue/expenditures by program
2. the percentage of total personnel costs
3. the number of FTE positions assigned to agency programs (If this method is used, the agency MUST identify all of the other programs or functions to which the person has been allocated and the proportion allocated to each which adds up to a single 1.0 FTE. Furthermore, the agency must be prepared to explain the method it used to determine the proportion of the FTE that could be allocated to each function, program or contract.)
4. Square footage of shared building space allocated to a specific program
5. the number of client "slots" or clients served or expected to be served
6. Time and effort (by time study or on-going activity logs)

The essential consideration in selecting an allocation methodology (either direct or indirect) and an allocation basis (see examples in the preceding paragraph) is that it is the one best suited for assigning costs to programs or services.

In choosing a basis upon which to allocate costs, it is usually best to start with those functions where a cause/effect or workload/benefit relationship can easily be identified. Certain types of costs, for instance, lend themselves to a more direct cause and effect relationship than others, like the relationship between the number of staff and the workload of the Human Resources function.

When the expenses in a cost grouping are more general in nature, however, such as the cost of the CEO or Executive Director of the organization, the allocation should be made through the use of an allocation base that produces results that are equitable to both the Department and the Contractor. For example, within DSCYF in our Medicaid rate setting process, the HR function is allocated by FTE's, the accounting function by accounting transactions and the rest of the administrative functions, such as leadership at the department level, planning, and information systems support are combined into a single pool which is allocated based on prior year expenditures incurred by each of three operating divisions. If the Contractor wishes to allocate administrative staff time as a direct cost to programs or services, it may be necessary to conduct time studies in order to substantiate this allocation.

In the final analysis, the methodology(ies) used to allocate costs to DSCYF contracted services must be fully explained and justified in the narrative.

## Salary Detail Instructions

In the column marked 1 Name of Person: Indicate the name of each person whose time is directly allocated to this contract (use a separate line for each person/position). If a person occupies two positions, show both positions with the appropriate time for each. Staff includes full and part-time staff.

In the column marked 2 Position Title: Indicate the position title (and work location, if appropriate). Position Titles should agree with job descriptions.

In the column marked 3 FTE: Indicate the Full Time Equivalent for each position to be charged to this service/facility. Show this number in relationship to the number of hours per week the person works for the agency.

*Example: The standard workweek for your agency is 40 hours per week but the person on the line works only 30 hours per week. Column 3 would show 0.75*

In the column marked 4 Percentage of Time Spent on Contract: Indicate for each staff person the percentage of his/her total weekly work hours (rounded to the nearest whole number) which will be spent on activities related to the contract.

In the column marked 5 Total Annual Salary: Indicate for each staff person the total annual salary (Note that the total annual salary of each staff person should be included here, regardless of the percent of time spent on the contract.)

In the column marked 6 Salary Charged to Service/Facility: This is the amount of funds requested from DSCYF for this position. The amount should not exceed the total annual salary (Column 5) times the percent of time spent on the contract (Column 4)

In the column marked 7 Salary Paid from Other Sources: This is the amount of funds paid from all other sources for this position.

In the column marked 8 Program \$: This is the amount of salary charged to the service/facility that is related to the provision of services under the program. The total amount from this column should be entered on line 1a of the DSCYF budget form.

In the column marked 9 Administrative \$: This is the amount of salary charged to the service/facility that is related to administration. The total amount from this column should be entered on line 7a of the DSCYF budget form.