

Good morning, my name is Marie Lenane and I am a Purchase of Service Pricing Analyst at the Executive Office of Health and Human Services. I am here to present staff testimony on the proposed amendments to 101 CMR 432.00: Rates for Certain Lead Agency Services. The proposed amendments update rates for services purchased by the Department of Children and Families.

The effective date for the proposed amended regulation is July 1, 2025.

The amendments to 101 CMR 432.00 are being proposed at this time in accordance with M.G.L. Chapter 118E, Section 13D, which requires the Secretary of EOHHS to establish by regulation and biennially review the rates to be paid by governmental units for social service programs.

All the lead agency rates are being updated to include an increase by a cost adjustment factor (CAF) of 3.25%. The CAF was determined by using baseline and prospective Massachusetts Economic Indicator data from IHS Economics – Fall 2024 Forecast, baseline scenario data. The CAF reflects the period between the rates' base period (calendar year 2025 Q2) and the prospective period of fiscal years 2026 and 2027. In addition to the CAF, the salary benchmarks used were derived from the Massachusetts Bureau of Labor Statistics (BLS) wages dated May 2023 at the 53<sup>rd</sup> percentile. The administrative allocation has been benchmarked to 12% and the tax and fringe rate was benchmarked to 24.97%. This benchmark is derived from the MA Comptrollers FY25 approved rate less terminal leave and retirement. The language in the Severability section has also been updated for consistency across all rate regulations.

The total projected annualized cost to state government from the increase in rates effective July 1, 2025, is approximately \$2.55 million, which represents an increase of 14.01% over FY24 spending of approximately \$18.2 million. The increase in spending in FY26 will be covered through a combination of the Chapter 257 Reserve Account and the purchasing agency's operating budget.

This concludes my testimony. Thank you.