The Florida Senate
COMMITTEE MEETING EXPANDED AGENDA

CHILDREN, FAMILIES, AND ELDER AFFAIRS
Senator Grall, Chair
Senator Garcia, Vice Chair

MEETING DATE:	Tuesday, January 14, 2025
TIME:	4:00—6:00 p.m.
PLACE:	301 Senate Building

MEMBERS: Senator Grall, Chair; Senator Garcia, Vice Chair; Senators Brodeur, Harrell, Rouson, Sharief, and Simon

TAB	BILL NO. and INTRODUCER	BILL DESCRIPTION and SENATE COMMITTEE ACTIONS	COMMITTEE ACTION
1		Presentation, discussion, and questions related to First Responder Behavioral Health Access Programs and Peer Supports. - Kellie O'Dare, Ph.D. – Associate Professor & Deputy Executive Director, UCF RESTORES/2nd Alarm Project; Courtesy Professor, Florida A & M University Institute of Public Health	
2		Presentation, discussion, and questions related to the Proposed Funding Methodology for Community-based Care Lead Agencies. - Casey Penn – Chief of Staff, Department of Children and Families	

Other Related Meeting Documents

State of the State:
First Responder Behavioral Health in Florida

Florida Senate Committee on Children, Families, and Elder Affairs

January 14, 2025

Kellie O'Dare, Ph.D.
Associate Professor & Deputy Executive Director UCF RESTORES
Founder, 2nd Alarm Project
Courtesy Professor, FAMU Institute of Public Health

Agenda

1) Bottom Line Up Front

2) Florida First Responders

3) Key Events

4) Scope of Problem

5) Key Initiatives

6) Next Steps

Bottom Line Up-Front (BLUF)

- Provision of behavioral health services for Florida's first responders relies on diverse partners across state, local, university, nonprofit, and private sectors, with funding often time-limited and challenging to sustain.

- Strong collaborations, including UCF RESTORES, the 2nd Alarm Project, the Florida Firefighters Safety and Health Collaborative, the Florida State Fire Marshal's Office, and other key organizations, are vital in addressing mental health needs for responders, retirees, and their families.

Bottom Line Up-Front (BLUF)

- **Successes include:**
  - Supporting first responder agencies in creating sustainable mental wellness programs based on the Behavioral Health Access Program (BHAP) framework.
  - Training first responders in peer support, suicide prevention, mental health awareness, and posttraumatic growth for resilience.
  - Equipping clinicians statewide with cultural competency for tailored first responder mental health care.
  - Providing evidence-based clinical services, significantly reducing PTSD and other mental illness symptoms.
  - Enhancing access to resources through navigation support, apps, toolkits, and confidential support networks for responders and their families.
  - Deploying mental wellness teams to disasters and mass casualty incidents.

Bottom Line Up-Front (BLUF)

Opportunities for Growth:

- Increased Awareness but Limited Access: While awareness of first responder mental wellness has grown, significant gaps in resources remain, particularly in rural and underserved areas.

- Inconsistent Practices: A lack of standardization, evaluation, and consistency across programs creates disparities in service delivery and outcomes.

- Beyond PTSD: Recognition of mental health challenges beyond PTSD and traumatic incidents exists, yet responses remain narrowly focused.

- Overreliance on Reactive Measures: Heavy dependence on crisis-based interventions, Employee Assistance Programs (EAPs), and critical incident management overshadows the need for proactive and preventive approaches.

- Statewide Coordination: A coordinated, statewide strategy with consistent research and evaluation is essential for effective and equitable implementation.

Bottom Line Up-Front (BLUF)

Opportunities for Growth:

- Sustainability Challenges: Current funding mechanisms are often temporary or unsustainable, leaving programs vulnerable and unable to meet long-term needs.
- Data-Driven Evolution: Programs must be guided by data, adapt to emerging needs, and align with evolving best practices and scientific advancements.
- Culturally Competent Care: A critical need exists for clinicians skilled in culturally competent, evidence-based practices tailored to the unique challenges of first responders.
- Workforce Training Gaps: Limited availability of training for peer support teams, mental health professionals, and first responder leaders hinders the development of comprehensive wellness strategies.
- Integration of Families: Addressing the mental health needs of first responder families is crucial for holistic support and resilience.
- Technology Integration: Leveraging digital tools can expand access to resources, especially in underserved areas.

6

Recommendations

"We've got tactics; We need strategy."

- Unified statewide vision and approach

- Data driven, evidence-based initiatives with an emphasis on determining Return on Investment (ROI)

- Focus on prevention and early access to proven treatments in addition to reactive measures

- Targeted, systematic and statewide framework for suicide prevention tailored specifically to first responders

- Emphasis on local level capacity building and technical assistance to first responder departments in building their own internal mental wellness programs

- Sustainability in funding

Florida's First Responders [1]

- 54,000 Law Enforcement [2]
- 40,000 Firefighters [3]
- 60,000 EMS [5]
- 14,000 Dispatchers [4]
- 24,000 Corrections and Probation [6]

1 Various definitions in FL Statutes
2 Florida Department of Law Enforcement
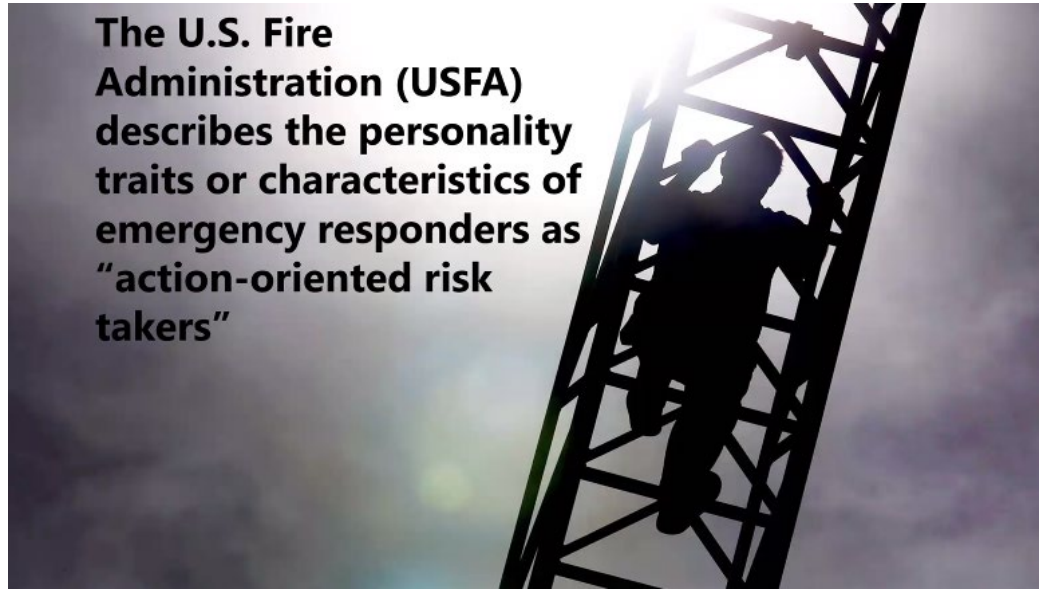3 Florida State Fire Marshal's Office
4 US Bureau of Labor Statistics
5 FL DOH, may include dual certified firefighters and inactive licenses
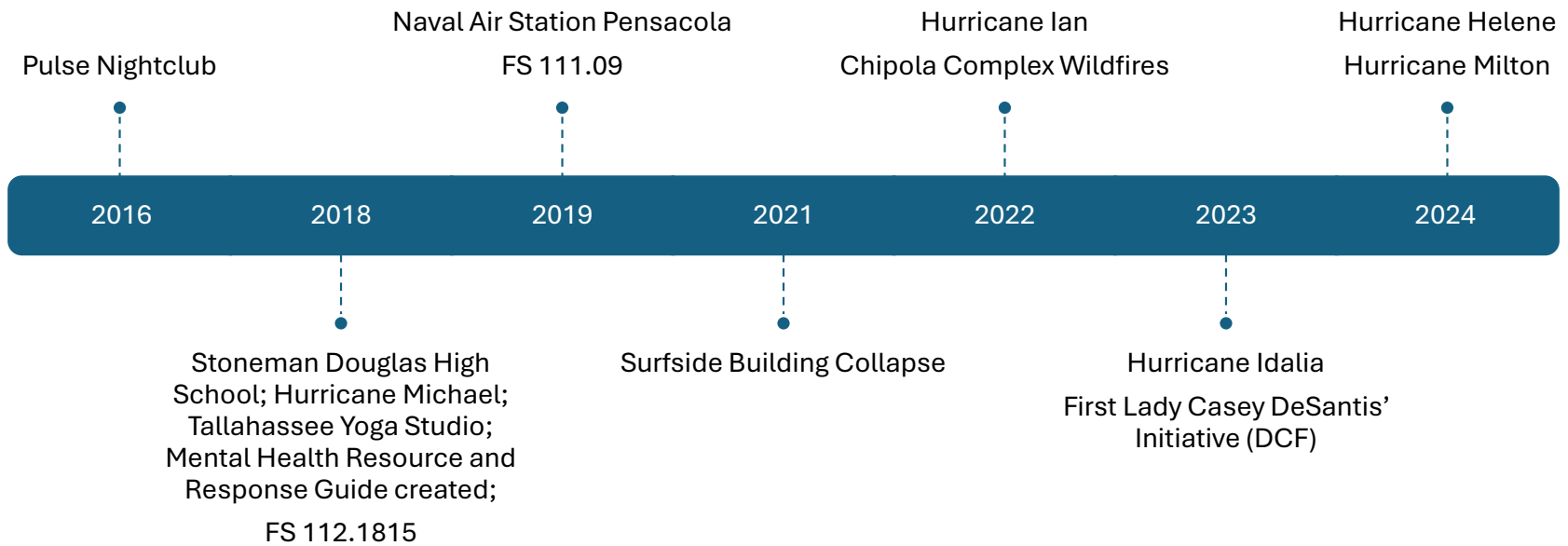6 FL Dept of Corrections

First Responders:
Solution focused, Strengths-based

- Choose a job that most people can't do
- Tolerate what is intolerable to others
- Front row seat to life's ugliest moments
- Culture of "fixers"
- Problem solvers
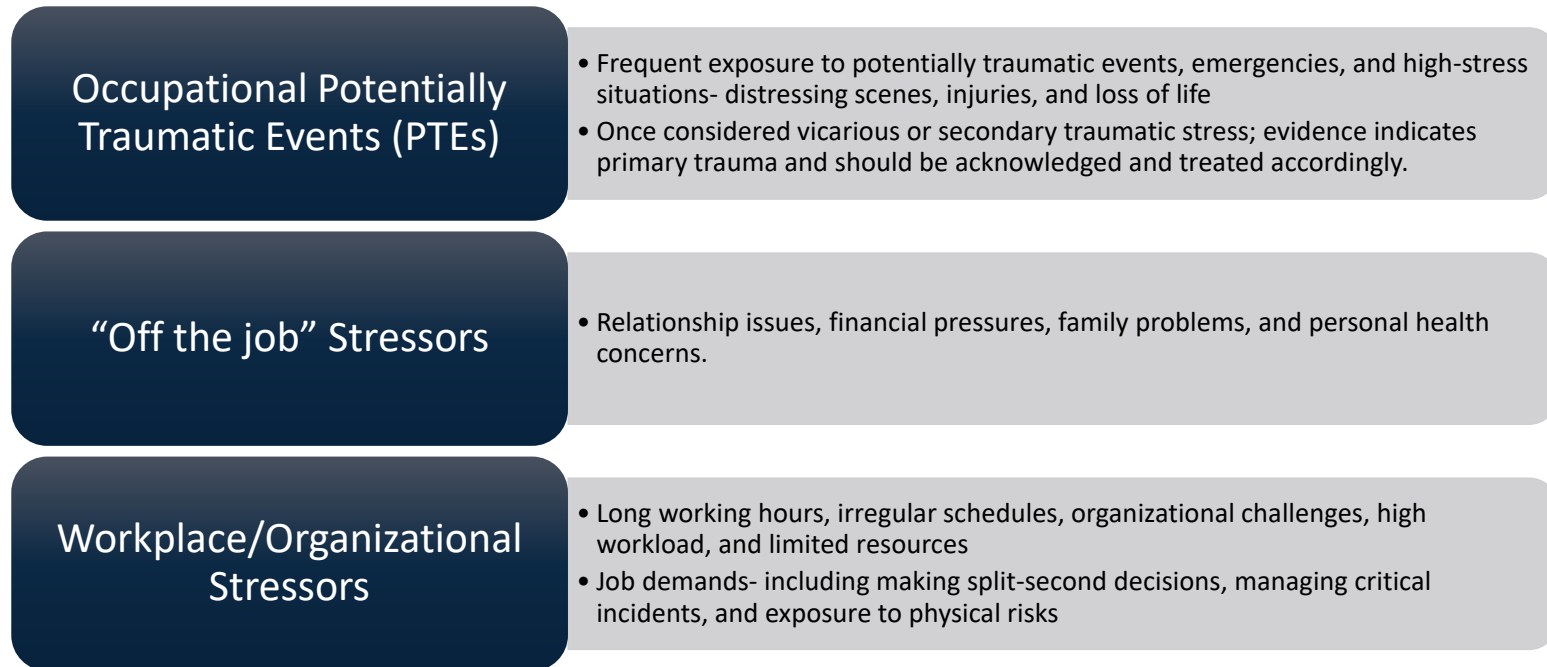- Inherently resilient
- Brotherhood/Sisterhood

The U.S. Fire Administration (USFA) describes the personality traits or characteristics of emergency responders as "action-oriented risk takers"

Florida First Responder Mental Wellness- Key Event Timeline

Pulse Nightclub

Naval Air Station Pensacola
FS 111.09

Hurricane Ian
Chipola Complex Wildfires

Hurricane Helene
Hurricane Milton

2016   **2018**   **2019**   **2021**   **2022**   **2023**   **2024**

Stoneman Douglas High School; Hurricane Michael; Tallahassee Yoga Studio; Mental Health Resource and Response Guide created;

FS 112.1815

Surfside Building Collapse

Hurricane Idalia

First Lady Casey DeSantis' Initiative (DCF)

The intersection of witnessing ***on-the-job trauma, off-the-job stress, and other workplace stressors*** can have a significant impact on the mental health of first responders.
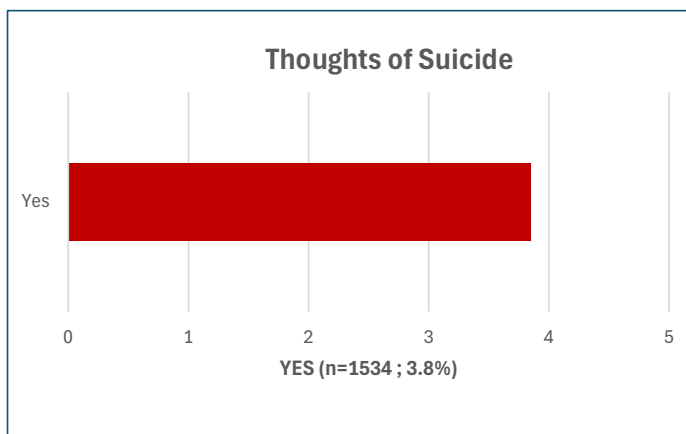
Occupational Potentially Traumatic Events (PTEs)
- Frequent exposure to potentially traumatic events, emergencies, and high-stress situations- distressing scenes, injuries, and loss of life
- Once considered vicarious or secondary traumatic stress; evidence indicates primary trauma and should be acknowledged and treated accordingly.

"Off the job" Stressors
- Relationship issues, financial pressures, family problems, and personal health concerns.

Workplace/Organizational Stressors
- Long working hours, irregular schedules, organizational challenges, high workload, and limited resources
- Job demands- including making split-second decisions, managing critical incidents, and exposure to physical risks
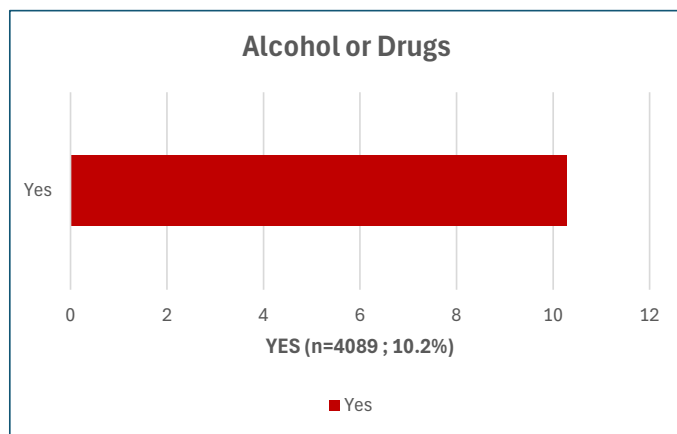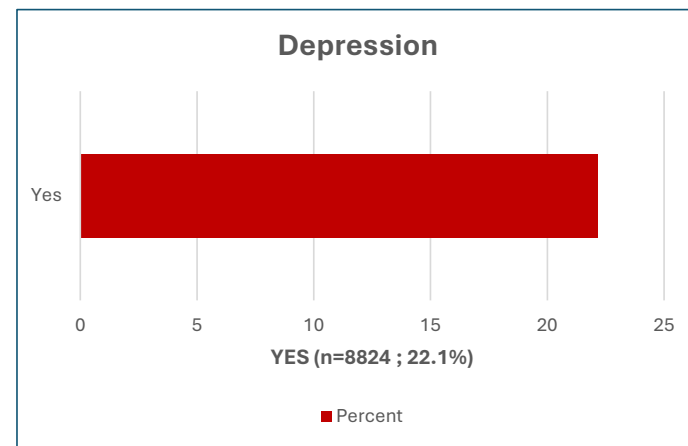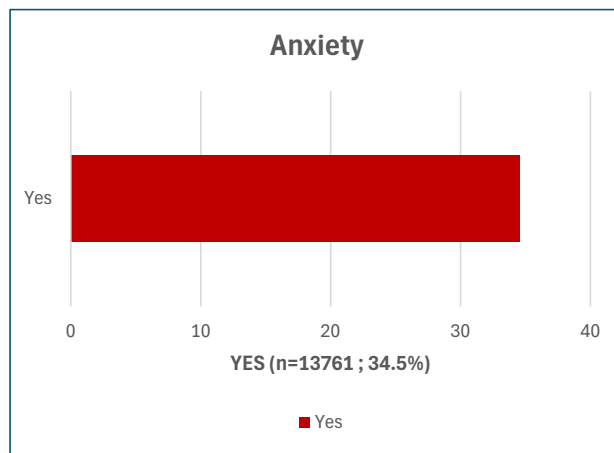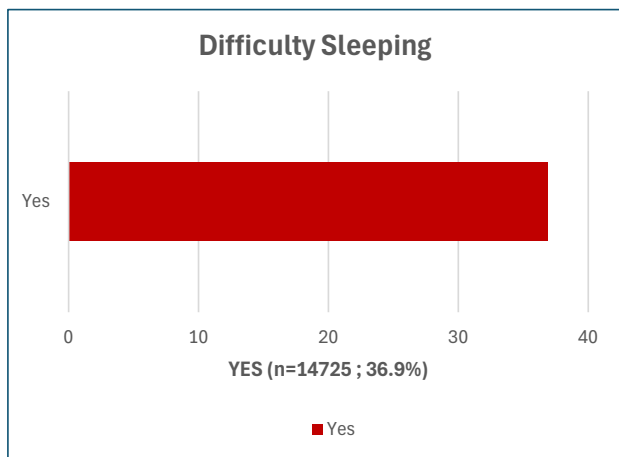
Risk factors compounded with limited access to protective resources heightens prevalence of mental health issues.

"It's not just about the calls."

- Historical emphasis on exposure to trauma
- Organizational and Workplace issues
- Workplace Incivility; Administrative/Organizational Betrayal
  - 70% indicated experiencing workplace incivility
  - Correlated with higher rates of PTSD, depression, burnout; lower resilience
  - Yet higher measures of Psychological Safety in the workplace correlated with the inverse (lower mental health issues, higher resilience)
- Fire Service Workweek
  - 56 hours and above, contrasted with typical 40-hour workweek
  - Physical and mental health risks, safety concerns, work-life balance, recovery
- Addressing upstream organizational-level issues has the potential to create significant positive impacts on first responder wellness.

Have you experienced _____ that you attribute to job demands, a traumatic event on the job, and/or work stress?

Difficulty Sleeping
YES (n=14725 ; 36.9%)

Anxiety
YES (n=13761 ; 34.5%)

Depression
YES (n=8824 ; 22.1%)

Alcohol or Drugs
YES (n=4089 ; 10.2%)

Thoughts of Suicide
YES (n=1534 ; 3.8%)

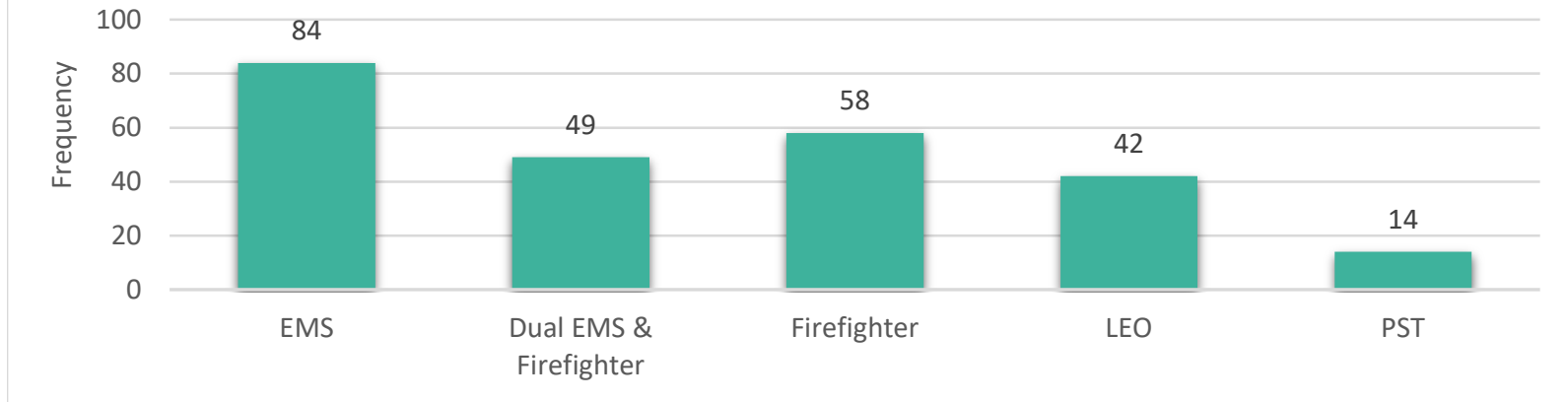Source: FL DOH BEMO/2nd Alarm Project EMS/Fire-Rescue Licensure Survey, 2022 n= 45,017

TOTAL FIRST RESPONDER SUICIDE DEATHS IN FLORIDA[*]
2017 - 2022
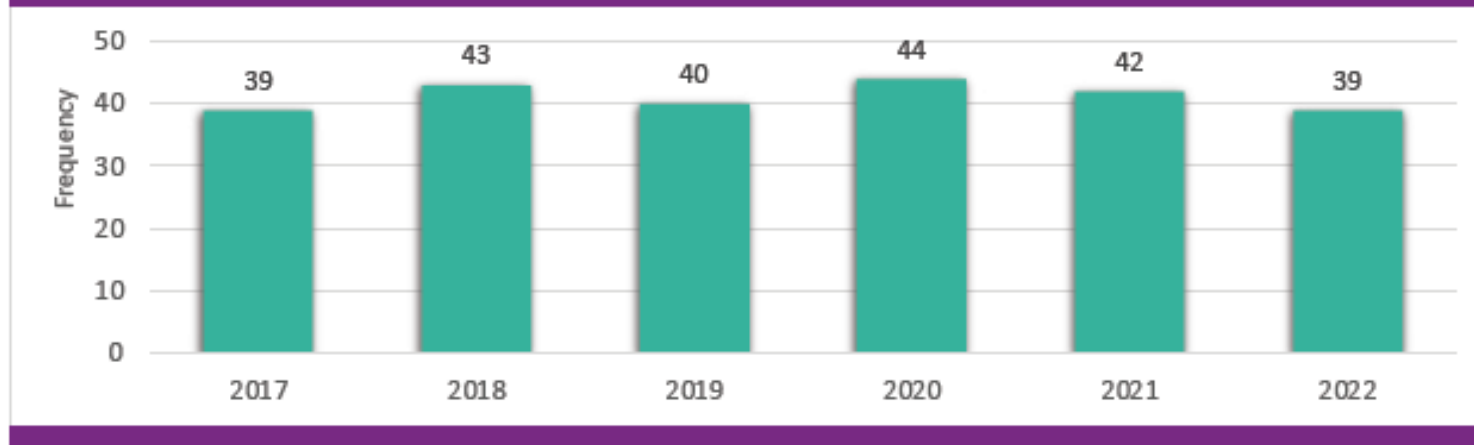
Firs Responder Suicide Deaths, Florida
2017-2022

Source: FL DOH BEMO

First Responder Suicide Deaths (Count) by Profession, Florida 2017-2022.

Data Sources: Florida Department of Health Bureau of Vital Statistics, Florida Department of Health EMS Licensure Data, The Division of State Fire Marshal Firefighter Licensure Data, Florida Department of Law Enforcement LEO Suicide Statistics.

First responders make up 1.4% of Florida's workforce, but the suicide rate among this vital population is over two times higher than the overall rate of working-age Floridians, accounting for 40.2 suicide deaths per 100,000 emergency responders

Key Initiatives

Capacity Building for Behavioral Health Access Programs in First Responder agencies.

- Supporting over 60 departments in developing sustainable mental wellness programs based on the BHAP framework

BHAP TOOLKIT

2nd Alarm Project ©2023

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**FLORIDA FIRST RESPONDER
PEER SPECIALIST TRAINING:**

A COLLABORATION OF UCF RESTORES AND 2ND ALARM PROJECT
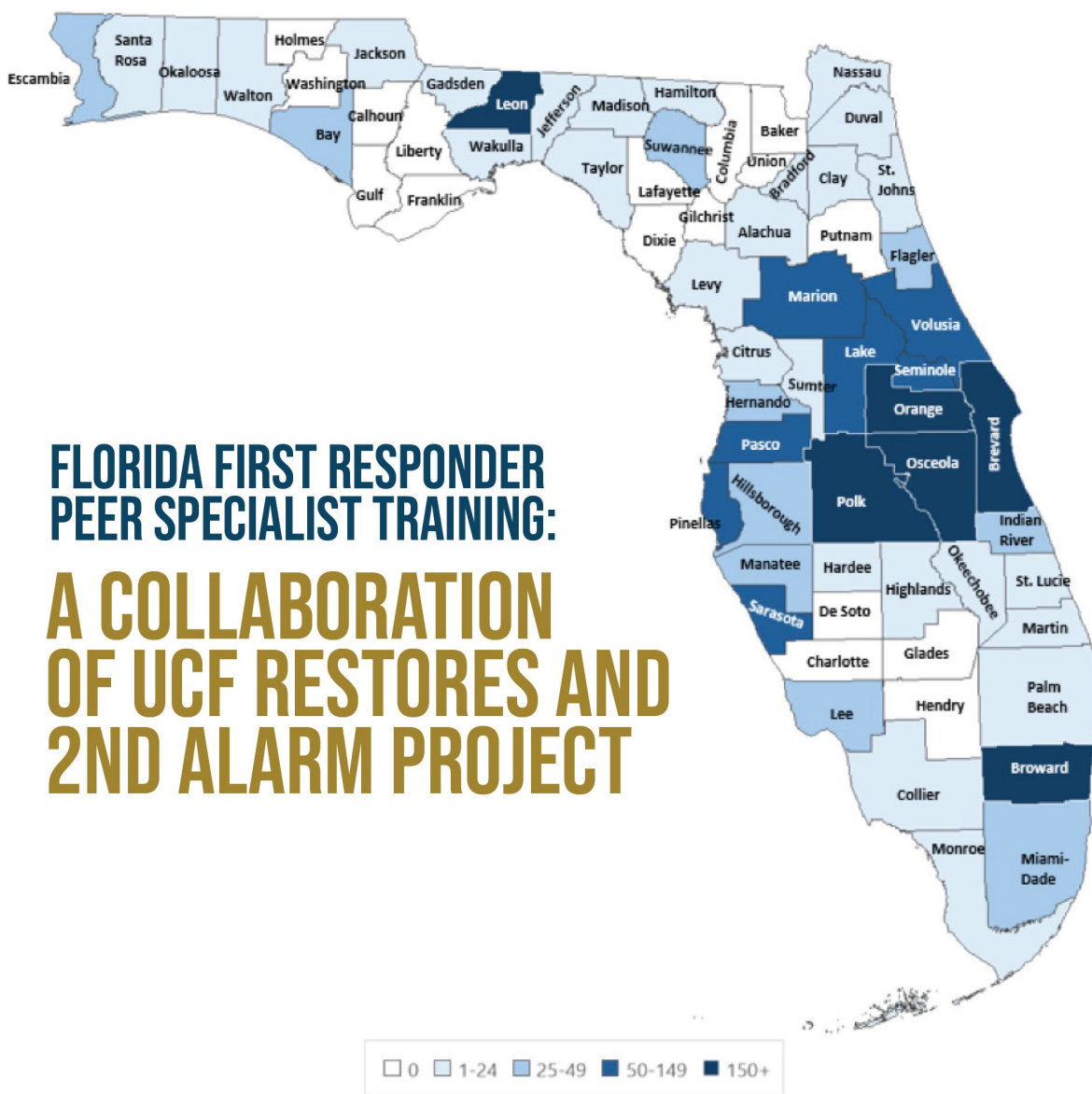
Peer Support:
Trained 3,200 First Responder Peer Specialists and assisted in developing high functioning peer support teams within agencies

Legend: 0 | 1-24 | 25-49 | 50-149 | 150+

Peer Support: "Someone that gets me"

- Explored the experiences of first responders in both providing and receiving peer support? (n= 433)
- Over 78% of respondents reported being "very satisfied" or "satisfied" with their most recent peer support encounter.
- High average ratings for peer interactions, with statements like "peer support is useful" and "treated with courtesy and respect" scoring above 4 on a 5-point scale.
- Top concerns addressed included general stress, critical incident-based needs, anxiety, PTSD, and family issues.
- Over 41% of respondents were referred to external resources like clinicians or chaplains.
- Ongoing training needs identified.

Peer Support

- *"Talking to someone who knows the job and has seen the same things is helpful, there is a genuine concern and a brotherhood bond that cannot be described or explained".*

- *"Connection with someone that has been where I am. Someone that gets me"*

- First responder peer support differs from general peer support by focusing on shared professional challenges and high-stakes scenarios, in addition to potential mental illness or recovery. For responders, self-identifying with a mental health or substance misuse condition could risk their job and reputation.

- Peer support offers a trusted connection to process profoundly challenging experiences—for example, performing CPR on an infant—with someone who truly understands, providing validation, empathy, and reassurance without the stigma or escalation of labeling it a mental health issue. This proactive approach fosters emotional resilience and normalizes shared professional challenges.

Clinical Services/Treatment

- Offering culturally competent outpatient counseling utilizing advanced, evidence-based, innovative approaches

- Over 1,400 first responders for post traumatic stress disorder (PTSD), anxiety, depression, and substance use

- 76% no longer meeting the diagnostic criteria for PTSD after treatment

Clinician Cultural Comptency

- Developed by the Florida Firefighter's Safety and Health Collaborative and now in partnership with UCF RESTORES, the Clinician Awareness Program is a two-day full immersion course designed for clinicians and healthcare providers who desire to gain insight about the unique firefighter culture to be more effective in treating firefighters.

- UCF RESTORES developed and offers a one-day Law Enforcement Cultural Competency Training (91 attendees to date).

Cultural Competency Training

(1-4)
(5-9)
(10-14)
(15+)

Through 12/2024

35 Counties
289 Attendees

21
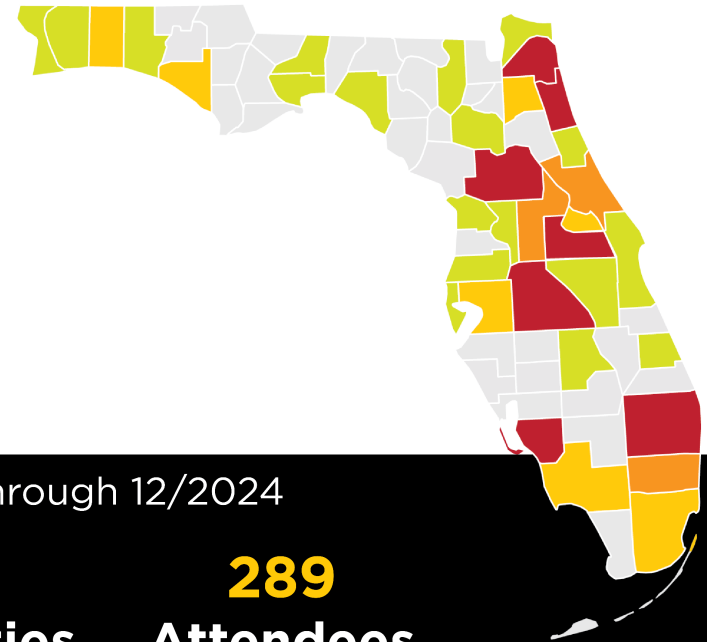
Clinician Cultural Competency

- Development of an online, free web course, www.firefighterculture.com, to train clinicians in understanding the culture of firefighters.

- A separate course for law enforcement in in development and will be available this summer.

Clinician Competency

- Cultural competency is a foundational requirement but not sufficient on its own for effectively working with first responders

- Clinicians must also possess expertise in advanced, evidence-based treatment approaches tailored to the specific needs of first responders

TMT Training Program – Clinicians

- *"I don't know what to do anymore. I just want to get better, but my therapist isn't helping. Why didn't they offer the treatments you talked about in your training?" This officer had done everything right—he recognized he needed help, reached out, and showed up for therapy. But the system was failing him.*

- *"There's no plan, no goals. I'm not getting better," he told me. After attending one of my wellness talks, he learned about evidence-based PTSD treatments like Cognitive Processing Therapy (CPT) and Prolonged Exposure (PE). He felt a renewed sense of hope and sought therapy. But weeks later, he was frustrated. His sessions felt directionless, and instead of receiving structured PTSD treatment, he was given a controversial trauma book to read and encouraged to try yoga—neither of which resonated with him.*

- *Unfortunately, not all therapists are trained in these proven treatments, and not all agencies prioritize evidence-based care. I worked with him to advocate for himself and connected him with a clinician skilled in CPT and PE. It's a battle no one struggling with PTSD should have to face, but too often, it's necessary. This is why I'm so passionate about evidence-based treatments like CPT and PE. These therapies are flexible, effective, and directly address PTSD. We need to ensure they reach the people who need them most.*

- *Dr David Rozek*

Redline, Blueline, Goldline Rescue

- Free web-based, confidential support networks providing first responders access to mental health resources, trained peer support, and 160 vetted culturally competent clinicians
- Owned and operated by UCF RESTORES
- Average 2500 web hits per month

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Disaster Deployments

- Partnered with the Florida Firefighters Safety and Health Collaborative and Florida State Fire Marshal's Office to deploy as part of the State Emergency Response Plan (SERP).

- Peer support strike teams comprised of trained peer specialists, chaplains, K9s, and vetted clinicians
  - Hurricanes Michael, Ian, Idalia, Helene, Milton
  - Surfside Building Collapse
  - Chipola Complex Wildfires

Peer Support Mobile Command Unit
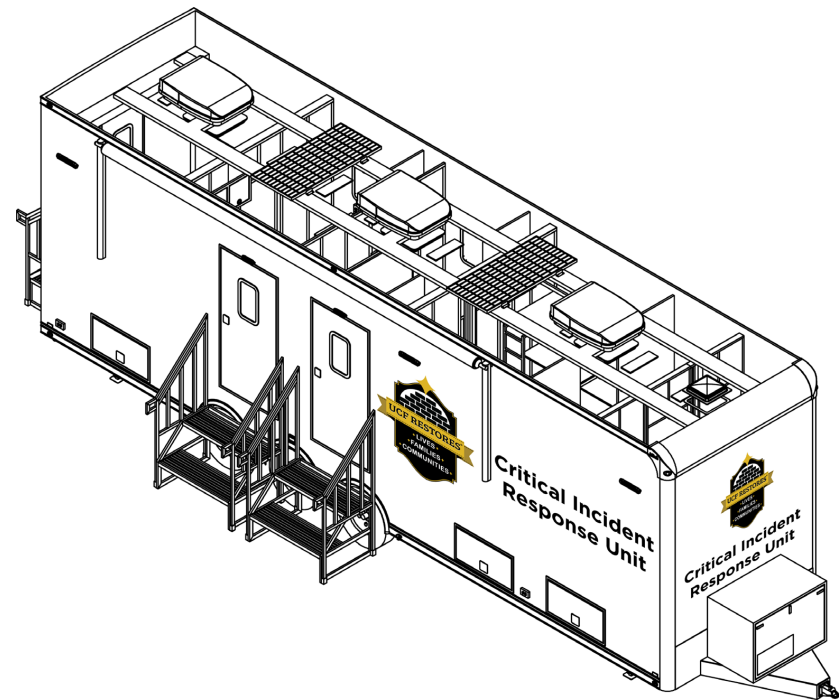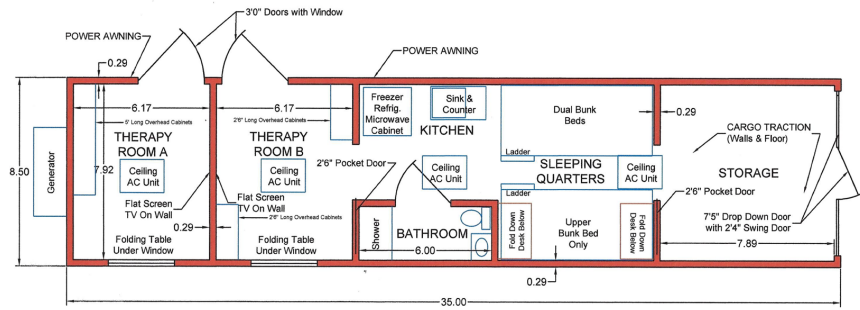
Research & Evaluation

- Research and evaluation are essential for developing effective programs, informing best practices, and ensuring that resources and interventions truly meet the needs of first responders.

- Conducted numerous studies to address critical issues in first responder wellness.

- Published dozens of peer-reviewed journal articles to guide evidence-based wellness practices and expand the knowledge base in the field.

ORIGINAL ARTICLE

State Level Policies on First Responder Mental Health in the U.S.: A Scoping Review

Kellie O'Dare[1] · Arlesia Mathis[1] · Rima Tawk[1] · Leah Atwell[1] · Deloria Jackson[1]

Abstract
A growing body of evidence demonstrates potential adverse mental health outcomes associated with exposure to occupational trauma among first responders. In response, policymakers nationwide are eager to work on these issues as evidenced by the number of states covering or considering laws for mental health conditions for first responders. Yet, little information exists to facilitate understanding of the impact of mental health-related policies in the United States on this important population. This study aims to identify and synthesize relevant state-level policies and related research on first responder mental health in the United States. Using a scoping review framework, authors searched the empirical and policy literature. State level policies were identified and grouped into two categories: (1) Workers' Compensation-related policies and (2) non-Workers' Compensation (WC) related policies. While benefits levels and other specifics vary greatly by state, 28 states cover certain first responder mental health claims under WC statutes. In addition, at the time of this study, 28 states have policies governing first responder mental health outside of WC. Policies include requiring mental health assessments, provisions for counseling and critical incident management, requiring education and training, providing funding to localities for program development, bolstering peer support initiatives and confidentiality measures, and establishing statewide offices of responder wellness among others. Authors found a dearth of outcomes research on the impact of state level policies on first responder mental health. Consequently, more research is needed to learn about the direct impact of legislation and establish best practice guidelines for implementing state policy on first responder mental health. By conducting systematic evaluations, researchers can lay the foundation for an evidence-based approach to develop more integrated systems that effectively deliver and finance mental health care for first responders who experience work-related trauma. Such evaluations are crucial for building an understanding of the impact of policies and facilitating improvements in the support provided to first responders managing mental health challenges arising from their work.

Keywords First responder · Mental health · Laws · Policies · Policy analysis · Outcome research

Additional Program Components

- **Behavioral Health Navigation:** Guiding over 3,020 responders through barriers in accessing mental health resources.

- **Advanced Peer Support/Suicide Prevention Training/Webinars and other General Trainings:** Providing additional trainings to over 4,000 first responders.

- **Posttraumatic Growth Training:** Training 610 first responders to leverage struggle for personal, relationship, and organizational growth utilizing the Struggle Well curriculum.

- **Virtual Resources:** Providing a comprehensive online toolkit, downloaded 487 times, for building internal mental wellness programs and a mental wellness app downloaded 3,164 times for first responders and their families.

Next Steps

- Importance of a proactive, evidence-based, and sustainable approach.
- Statewide coordination with a clear and unified strategy.
- Initiatives grounded in evidence and supported by data, prioritizing measurable outcomes and cost-effectiveness.
- Prioritize prevention and early intervention using validated treatment methods in addition to reactive, crisis-based responses.
- Strengthen local infrastructure and resources to support community-level implementation.
- Develop and implement a unified, evidence-based statewide first responder suicide prevention framework.
- Ensure stable and long-term funding to maintain and support initiatives.

State of Florida Department of Children and Families

SFY 2025 Final Funding Methodology and Rates Report

Version 2024.5.1
December 20, 2024

Prepared for:
Shevaun Harris, Secretary for the Florida Department of Children and Families
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Prepared by:
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Benjamin Farnsworth, FSA, MAAA, Managing Director, KPMG Actuarial

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1. EXECUTIVE SUMMARY

The State of Florida's Department of Children and Families ("DCF") contracted KPMG LLP ("KPMG") to propose a funding methodology based on an actuarially sound cost model with a goal to facilitate data-informed, equitable, and sustainable funding decisions that enable effective service delivery by each Community-Based Care Lead Agency ("CBC" or "CBCs") while maintaining fiscal responsibility. This effort was initiated by the DCF as a result of legislation passed in the 2024 Legislative Session directing the Department to complete this work.

The current funding methodology is static and allocates a set dollar amount to each CBC annually. This creates challenges in a system where the number of children needing services and the cost to provide those services regularly fluctuates. Moreover, the current methodology does not reflect the true cost of serving children and families or account for variations in cost due to a child's age and acuity. As a result, the absence of an integrated model has resulted in a fragmented understanding of total costs across various care settings in the Florida Child Welfare System.

The new funding methodology proposed in this document allocates funding to CBC Lead Agencies based on the actual cost incurred while providing services. It is recommended that the methodology and its results are updated annually to accommodate changes in cost and the number of children served. It also considers variable costs and regional cost-of-living factors that affect the Florida Child Welfare System. The resulting model is actuarially sound, reimbursement based and designed to incentivize efficient and effective CBC Lead Agency operations, prevention and family preservation, and permanency.

This document outlines the development of the proposed funding methodology for State Fiscal Year 2025 (SFY 2025), including the data, assumptions, and methods used by the DCF's contracted actuaries and financial professionals. This model was developed to estimate funding for SFY 2025, and will be implemented in July 2025, if approved by the Florida Legislature. The model was divided into three tiers, recognizing that CBC Lead Agencies incur both direct costs related to child welfare and indirect costs associated with operations and administration, as well as an incentive program that promotes prevention, family preservation, and permanency outcomes.

The Tier 1 and Tier 2 Cost Models together are referred to as the "Cost Model" in this report. Tier 1 is designed to estimate expenditures that should minimally fluctuate with the volume of children and families served, such as administrative and operational expenditures, while Tier 2 is focused on estimating expenditures that fluctuate with the volume of children and families served. Together, the two-tier Cost Models are considered the building blocks of a new funding framework proposed for the Florida Legislature's consideration which accounts for the totality of contractually required services provided by the CBCs under contract with the DCF. In addition, this report proposes a conceptual framework to design and implement Tier 3, an incentive program that is intended to reward CBCs for the achievement of key process and quality indicators relative to costs.

Across the 18 contracts held by the 16 CBC Lead Agencies in the Florida Child Welfare System, 17 contracts are presented in the Cost Model results in this report. Family Partnerships of Central

Florida (FPCF) was excluded from this year's Cost Model rate calculation due to the limited data available for this CBC prior to May 2024. KPMG was able to calculate what FPCF's actuarially sound rates could look like utilizing a peer CBC's data identified by the DCF. However, the DCF requested that FPCF's rates for this program year be based on the current funding methodology until the Cost Model can be updated with FPCF's complete data for FY 24-25 to ensure better accuracy. . For the purposes of this report, the statewide results from the actuarially sound Cost Model are inclusive of FPCF.

The proposed Cost Model's methods and assumptions were discussed with various stakeholders, including policymakers, subject matter experts, CBC Lead Agencies, and child welfare program specialists. CBC Lead Agency and provider engagement was a priority throughout the project. Between the DCF and KPMG, eight (8) group meetings, three (3) workshops, and over seventy-five (75) individual CBC meetings were conducted. This extensive engagement provided for opportunities to participate in the areas of data collection, data analysis, data model definition, and model development. Throughout the funding methodology development, feedback received from stakeholders was addressed and incorporated into the resulting model.

The funding methodology includes several risk mitigation approaches to help CBC Lead Agencies receive sufficient funding to maintain operations. Because this is a new funding approach, the funding methodology includes a "Hold Harmless" provision during the transition period (i.e., first year of implementation) as an option for the Legislature to consider with the goal of preventing CBCs from facing a disruption in their operations or a reduction in services due to funding reductions estimated in the Cost Model. This option was included based on feedback from the CBC Lead Agencies. To accomplish this, the Cost Model was compared against the current year (SFY 2025) Schedule of Funds to determine if a CBC may be eligible for a "Hold Harmless" adjustment.

To assess that the CBC Lead Agencies receive appropriate funding for the number of children served, a reconciliation process is described using emerging data, including CBC-submitted monthly expenditures, census reports, reports through the Florida Safe Families Network (FSFN), and other required reports. Specifically, the proposed reconciliation process includes a method for reconciling the output of the Cost Model against actual expenditures. This approach considers current state or federal funding requirements related to the return of federal funds, and it also provides an opportunity to retain savings through efficient operations. Furthermore, a risk corridor framework is proposed to account for unpredictable changes in acuity among children served during the program year. This overall approach addresses historical challenges by estimating future expenditures and managing inflation through market-based adjustments to enhance the equity and sustainability of funding for child welfare services in the long-term.

This proposed methodology represents advancements in funding and managing child welfare services by addressing key deficiencies in the current model. It offers enhanced precision, efficiency, adaptability, and alignment with best practices, providing a robust framework with improved outcomes. Investing in this new model provides stable, predictable, and consistent annual funding for CBCs. By offering more accurate and flexible financial support, CBCs can better

plan and deliver effective services. This stability allows CBCs to focus on delivering high-quality care, knowing they have the financial backing to meet both current and future demands.

Key improvements and benefits of the funding methodology proposed include:

- **Enhanced Accuracy and Holistic Funding Determination:** By considering both fixed and variable costs, as well as environmental factors, access to services, and the specific needs of children and families, the new model offers more accurate funding estimations that cover operational needs and fluctuating service demands.

- **Transparency**: Introducing clear categories for costs helps stakeholders understand how funds are allocated and why certain payments are made, building trust and transparency across the Florida Child Welfare System.

- **Adaptability:** The model's flexibility allows for responsive adjustments to funding as the number of children in care changes, verifying that CBCs have the resources necessary to meet current needs.

- **Appropriate Site of Care Shared Savings:** The model incentivizes using appropriate and lower-cost care settings by allowing CBCs to retain savings for reinvestment.

- **Safe and Timely Permanency:** With a focus on prevention, family preservation, and permanency outcomes, the proposed Tier 3 framework will reward CBCs for achieving key performance measures.

- **"Hold Harmless" Provision:** During the transition period, CBCs can be protected from funding reductions, helping ensure budget stability.

- **Continual Improvement:** The model's integration of real-time data and continuous feedback allows for ongoing adjustments, maintaining responsiveness to changes and enhancing program effectiveness.

The developed cost model methodology results in an increase of 0.96% in funding, raising the funding allocated to CBCs from $1.379 billion to $1.392 billion.

If the Legislature were to adopt the hold harmless provision as recommended in the funding methodology section, it would result in a 2.08% increase which brings the total funding need to $1.407 billion. Additionally, if the Legislature incorporates the Risk Corridor provision, the maximum financial risk exposure is $16.2 million if CBCs were to exceed the 2% Risk Corridor.

This increased funding reflects a commitment to addressing historical inefficiencies and helping ensure financial resources are used wisely and efficiently. By investing in this model, the state will allow CBCs to operate within a stable financial environment, plan effectively, and deliver high-quality services. Providing sustained and predictable funding is a critical step towards fulfilling our collective responsibility to protect and nurture vulnerable populations, and this new model creates a clear path forward to achieve that goal.

2. INTRODUCTION

2.1. Purpose

During the 2024 Legislative Session, House Bill 7089 was signed into law, which amended section 409.9913, Florida Statutes (F.S.) to require the DCF to develop, in collaboration with CBC Lead Agencies and providers of child welfare services, a funding methodology for child welfare services provided by the CBC Lead Agencies. Per Florida Statute, the funding methodology must:

a) Be actuarially sound.
b) Be reimbursement-based.
c) Be designed to incentivize efficient and effective lead agency operation, prevention, family preservation, and permanency.
d) Take into consideration variable costs, including, but not limited to:
    - Direct costs for in-home and out-of-home care for children served by the lead agencies.
    - Direct costs for prevention services.
    - Operational and fixed costs.
e) Be scaled regionally for cost-of-living factors.[1]

The legislation requires the DCF to submit a report to the Governor, the President of the Senate, and the Speaker of the House of Representatives which describes the proposed funding methodology and formula that will derive the annual budget for each CBC Lead Agency.[1]

The DCF contracted with KPMG in April 2024 to assist in the fulfillment of these requirements.

KPMG utilizes a team of skilled professionals experienced in financial and actuarial sciences, with national experience in financial modelling, sector-specific analytics, and value-based care models.

The purpose of this report is to outline a proposed actuarially sound funding methodology that can be used by the DCF and the Florida Legislature in establishing the annual budget for each CBC Lead Agency. The report describes the specific data, assumptions, and methodology used to calculate funding to the CBC Lead Agencies. The report also includes recommendations for risk mitigation tactics to ensure CBC Lead Agencies do not experience a funding reduction that could be detrimental to operations or result in reduced services to children.

2.2. Program Information

Florida's Child Welfare System, governed by Chapter 39, F.S., is established to protect child welfare.[2] Four primary objectives guide the system: guaranteeing secure custody, promoting holistic child development, enhancing the well-being of children in state care, and preventing child abuse, neglect, and abandonment.

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[1] S. 409.9913, F.S.
[2] S. 39.001(1)(a), F.S.

Florida privatized the delivery of child welfare services over 20 years ago. There are 16 non-profit organizations (also known as CBC Lead Agencies) coordinating the delivery of child welfare services in specific regions within Florida's 20 Judicial Circuits. Across the 16 CBC Lead Agencies, there are 18 active contracts with the DCF as of the production of this report. Appendix 17.1 contains a detailed CBC Lead Agency Map.

2.3. Funding

The financing of Florida's child welfare activities, like many states across the U.S, is reliant on a mix of federal and state funding. The budget for SFY 2024–2025 has grown from $946.5 million in SFY 2018-19 to $1.379 billion, the majority of which stems from state and federal funds appropriated by the Florida Legislature.[3]

Title IV-E funding from the Social Security Act and the Child Abuse Prevention and Treatment Act (CAPTA) accounts for a large part of the budget. However, the flexibility in the usage of Title IV-E funds, previously gained through a federally granted waiver, was terminated on September 30, 2019, leading to a change in funding levels and composition over the past years.[4]

Besides Title IV-E funding, federal sources like Title IV-B, TANF, and the Social Services Block Grant contribute to the state budget. These sources have a cap set every year, unlike Title IV-E, which is uncapped.

On the state level, the main funding source for the services provided by the CBC Lead Agencies originates from the General Revenue Fund. This source marked a rise from $444.1 million in SFY 2018-19 to $805.5 million for SFY 2023–24, which includes $506 million for core services. Additional state funds are drawn from the Child Welfare Training Trust, the Welfare Transition Trust Fund, and the Operations and Maintenance Trust Fund.

According to section 409.990(5) of F.S., CBCs "may carry forward documented unexpended state funds from one fiscal year to the next; however, the cumulative amount carried forward may not exceed 8 percent of the total contract." [5] Any amount above this percentage must be returned to the DCF. Currently, CBCs report the use of carry forward funds through the Expenditure Report to the DCF. [5]

CBC Lead Agency Funding

The calculation of the annual funding for each CBC is defined by state law. Initially established in 2011, the statutory funding formula for CBCs has experienced various updates over time.[6] Before

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[3] State of Florida Department of Children and Families (2023, December 1). *A Comprehensive, Multi-Year Review of the Revenues, Expenditures, and Financial Position of All Community-Based Care Lead Agencies with System of Care Analysis*, p. 2. https://www.myflfamilies.com/services/child-family/lmr.
[4] State of Florida Department of Children and Families (2023, December 1). *A Comprehensive, Multi-Year Review of the Revenues, Expenditures, and Financial Position of All Community-Based Care Lead Agencies with System of Care Analysis*, p. 3. https://www.myflfamilies.com/services/child-family/lmr.
[5] S. 409.990(5), F.S.
[6] Ch. 2011-62, L.O.F.

the development of the current formula,[7] funds from federal or state sources were primarily allotted to CBC Lead Agencies according to the Equity Allocation Model, which considers factors such as the proportion of the child population, proportion of the child abuse hotline population, and proportion of children in care for each CBC in determining their funding.[7]

As of this current fiscal year (SFY 2025), annual recurring core funding for each CBC Lead Agency is determined based on the prior year's recurring base of core services funds. As part of this recurring base of core services funds, the 2022 General Appropriations Act (GAA) provided approximately $150 million in additional core services funding to the CBC Lead Agencies from the General Revenue Fund and Federal Grants Trust Fund to consider various factors affecting the Florida Child Welfare System, including, but not limited to: appropriate case worker to case load ratios and the costs of providing child welfare services, prevention efforts, and licensed residential placements.[8] This amount is authorized to be considered in the subsequent years' recurring base of core services funds. In addition, any additional new core services funds are distributed following the Equity Allocation Model, where 70% of new funding is distributed across all CBCs and the remaining 30% is allocated among community-based care lead agencies that are funded below their equitable share, unless otherwise stated by the GAA.[7]

Statewide Risk Pool [9,10,11,12]

Florida's Statewide Risk Pool program is a financial tool, established by section 409.990, F.S., designed to manage and distribute the financial risks inherent in the CBC Lead Agency model for child welfare services. Administered by the DCF, the program offers risk management to eligible CBC Lead Agencies facing uncontrollable factors like shifts in client need or caseload changes. The Statewide Risk Pool serves four main purposes, including addressing significant changes in the composition of clients eligible to receive services or in the services that are eligible for reimbursement, ensuring continuity of care in the event that the CBC Lead Agency fails or is unable to meet contractual obligations, and responding to significant changes in the mix of available funds.

The figure below illustrates the amount of risk pool, back of the bill, and other additional funding that has been allocated to CBC Lead Agencies to address deficits over the last five years,

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[7] S. 409.991, F.S.

[8] The Legislature of the State of Florida (2021, April 27). *Conference Report on House Bill 5001*. https://www.flsenate.gov/Session/Bill/2022/5001/Amendment/447649/pdf.

[9] State of Florida Department of Children and Families. *Risk Pool Reports*. https://prod.myflfamilies.com/kids/publications/risk-pool-reports.

[10] State of Florida Department of Children and Families. *Protocol for Requesting Risk Pool Funding*. https://prod.myflfamilies.com/sites/default/files/2023-05/NWFHN_Risk_Pool_Application_FY21-22.pdf.

[11] State of Florida Department of Children and Families. *Protocol for Requesting Risk Pool Funding*. https://prod.myflfamilies.com/sites/default/files/2023-05/ECA-PP_Risk_Pool_Application_FY20-21.pdf.

[12] State of Florida Department of Children and Families. *Protocol for Requesting Risk Pool Funding*. https://prod.myflfamilies.com/sites/default/files/2023-05/FY18-19_RiskPoolFundingProtocol-Application.pdf.

demonstrating a continued need for a funding methodology that more accurately predicts future costs and adjusts for cost-of-living factors and case-mix fluctuations.

Figure 1: CBC Risk Pool Funding from SFY 19-20 to SFY 23-24

CBC Lead Agency	CBC Lead Agency Risk Pool/Back of Bill/Additional Funding for Budget Deficits				
	SFY 19-20	SFY 20-21	SFY 21-22	SFY 22-23	SFY 23-24
Central					
Family Partnerships of Central Florida*			$ 1,028,962		$ 2,916,347
Embrace Families Community Based Care*	2,354,282	6,331,222	913,525	3,054,312	9,036,160
Heartland for Children					327,662
Kids Central, Inc.	400,342				
Northeast					
Community Partnership for Children					
Family Support Services of North Florida			1,636,059		
Kids First of Florida					
Partnership for Strong Families		67,666	156,101		3,943,889
St. John's Board of County Commissioners					
Northwest					
Families First Network**	3,771,089	2,107,445	4,478,368		
Northwest Florida Health Network - East	2,346,951	3,534,097	2,781,935		1,181,000
Northwest Florida Health Network - West**					
Southeast					
ChildNet - Broward					
ChildNet - Palm Beach	1,338,767	513,725			724,183
Communities Connected for Kids					3,489,378
Southern					
Citrus Family Care Network					6,191,401
Suncoast					
Children's Network of Hillsborough***					467,628
Children's Network of Southwest Florida					
Eckerd Youth Alternatives - Hillsborough***	3,262,402				
Eckerd Youth Alternatives - Pasco/Pinellas****	11,167,021	10,749,108			
Family Support Services of Suncoast****			6,724,321		
Safe Children Coalition	3,165,360	891,327	1,600,534		426,443
Total	27,806,214	24,194,590	19,319,805	3,054,312	28,704,091

* Embrace Families Community Based Care Lead Agency's contract ended on 4/30/2024, and Family Partnerships of Central Florida Lead Agency's contract was effective 5/1/2024 for this service area.
** Families First Network Lead Agency's contract ended on 10/31/2022, and Northwest Florida Health Network - West Lead Agency's contract was effective 11/1/2022 for this service area.
*** Eckerd Youth Alternatives - Hillsborough Lead Agency's contract ended on 6/30/2022, and Children's Network of Hillsborough Lead Agency's contract was effective 7/1/2022 for this service area.
**** Eckerd Youth Alternatives - Pasco/Pinellas Lead Agency's contract ended on 12/31/2021, and Family Support Services of Suncoast Lead Agency's contract was effective 1/1/2022 for this service area.

3. DEFINITIONS

Agency for Healthcare Administration (AHCA): The Agency for Healthcare Administration (AHCA) is a separate agency from the DCF and is responsible for Florida's Medicaid program, the licensure

of Florida's health care facilities, and the sharing of health care data through the Florida Center for Health Information and Policy Analysis.

Agency for Persons with Disabilities (APD): The Agency for Persons with Disabilities is a separate agency from the DCF specifically tasked with serving the needs of Floridians with developmental and intellectual disabilities.

Base Year: Refers to the historical years of data that was used to inform the Cost Model. In this report, the term "base year 1" is used interchangeably with "SFY 2023", and "base year 2" is used interchangeably with "SFY 2024".

Case Management Services: Coordination of care for individuals who need multiple services, such as health, social, educational, and other services.

Community Based Care Lead Agencies (CBCs): Community Based Care Lead Agencies that provide child welfare services on behalf of the State of Florida Department of Children and Families.[13]

Core Services Funds: In general, all funds allocated to a CBC are considered "core service funds", except for: [14]
- Funds appropriated for independent living
- Funds appropriated for maintenance adoption subsidies
- Funds allocated by the DCF for protective investigations training
- Nonrecurring funds
- Designated mental health wrap-around services
- Funds for special projects for a designated CBC
- Funds appropriated for the Guardianship Assistance Program under s. 39.6225, F.S.

Cost Model: The DCF developed a two-tier Cost Model to estimate expenditures for child welfare payments in SFY 2025 using actuarial and financial principles. The Cost Model includes all payment types necessary to capture the total cost of care for a given child in the Florida Child Welfare System based on current CBC operations and services provided.

Department of Juvenile Justice (DJJ): The Department of Juvenile Justice is a separate agency from the DCF specifically tasked with enhancing public safety through high-quality effective services for youth and families.

Expenditure Report: A cost reporting tool for CBCs. CBCs are responsible for submitting these reports to the DCF monthly with expenditures that have been incurred against funding provided through the DCF. These reports are used to inform the DCF's federal cost reporting.

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[13] S. 20.19(5)(a), F.S.
[14] S. 409.9913, F.S.

Florida Safe Families Network (FSFN): The DCF's Statewide Automated Child Welfare Information System. FSFN serves as the statewide electronic case record for all child abuse investigations and case management activities.[15]

Funding Methodology: The methodology to determine the final reimbursement to CBCs using the Cost Model and other factors for ensuring solvency and access.

General Ledger (GL): Represents a company's record-keeping system of all past debit and credit transactions. This system of record informs the company's trial balance and financial statements.

General Revenue: According to s.215.32(2)(a), F.S., "the General Revenue Fund shall consist of all moneys received by the state from every source whatsoever, except as provided in paragraphs (b) and (c). Such moneys shall be expended pursuant to General Revenue Fund appropriations acts, transferred as provided in paragraph (c), or maintained as unallocated general revenue. Unallocated general revenue shall be considered the working capital balance of the state and shall consist of moneys in the General Revenue Fund that are in excess of the amount needed to meet General Revenue Fund appropriations for the current fiscal year."[16]

Groups of Care (GOC): Categories of care determined to be used in the Cost Model. The Groups of Care are homogenous groups of children receiving similar type of care from the CBCs. The DCF determined the following 10 GOCs to be used in the Cost Model.

- **In Home**: Child is in a living arrangement with a parent or guardian as of the last day of the month.

- **Licensed Out-of-Home (OOH) - Foster Home**: Child is placed in a Level I – V Licensed Foster Home as of the last day of the month and the child does not meet the criteria for "Adoption Placement".

- **Licensed OOH - Ext Foster Care**: Young adult is placed in an approved supervised living arrangement as of the last day of the month. Extended foster care is associated with individuals 18 years or older.

- **Licensed OOH – Other**: Child is placed in a licensed out-of-home facility and does not meet the criteria for "Licensed OOH – Foster Home", "Licensed OOH – Ext Foster Care", or "Adoption Placement", such as Residential or Residential Treatment Centers, as of the last day of the month.

- **Non-Licensed OOH - Relative/Non-Relative**: Child is placed in a court-ordered out-of-home placement with a non-licensed approved relative/non-relative as of the last day of the month.

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[15] State of Florida Department of Children and Families (2023, July 17). *CF Operating Procedure No. 170-16*. https://www.myflfamilies.com/sites/default/files/2024-05/CFOP%20170-16%20-%20Administrative%20Functions.pdf.
[16] S. 215.32(2)(a), F.S.

- **Non-Licensed OOH - Other**: Child is placed in a non-licensed out-of-home setting and does not meet the criteria for "Non-Licensed OOH – Relative/Non-Relative" or "Adoption Placement", such as Hospitalization-Medical, Hospitalization-Mental, Correctional Placement, Visitation, or Missing Child as of the last day of the month.

- **Adoption Placement:** Child placed in an out-of-home care setting is categorized as "Adoption Placement" if an Adoption Assistance Agreement has been signed but the adoption has not been finalized by the last day of the month.

- **Post-Adoption:** Child has been adopted and the adoption has been finalized on or before the last day of the month.

- **Guardianship:** A signed Guardianship Assistance Agreement has been signed and the out-of-home placement has been discharged to permanent guardianship on or before the last day of the month for a child eligible for the Guardianship Assistance Program.

- **Young Adult:** Includes those 18 years or older who are not in an approved supervised living arrangement and who have benefitted from a financial payment, such as Post-Education Secondary Services (PESS), Aftercare, Extended Maintenance Adoption Subsidies (EMAS), or Extended Guardianship Assistance Program (EGAP), as of the last day of the month.

Hold Harmless: A mechanism proposed in the funding methodology that reconciles the difference resulting from estimated SFY 2025 Cost Model results being less than the SFY 2025 Schedule of Funds.

Operational and Fixed Costs: Administrative expenditures; including, but not limited to, information technology and human resources functions; lease payments; asset depreciation; utilities; administrative components of case management; and mandated activities such as training, quality improvement, or contract management.[14]

Other Cost Accumulator (OCA) Codes: Codes used by the State of Florida in their accounting systems to track optional agency reporting, cost pools, expenditures, revenues, or specific use. These codes are defined by the DCF.[17]

Pass-throughs: Payments and expenditures related to OCAs in Section C of the Expenditure Report template which are considered "non-core services".

Per Child Per Month (PCPM): The Cost Model estimates the PCPM for each CBC using historical data and projected forward using the methods described in Section 8.3.

Prospective Payments: The estimated reimbursement determined by the funding methodology.

Program Year: Refers to the year that the Cost Model is estimating expenditures for. In this report, the program year is SFY 2025.

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[17] Florida Planning, Accounting, and Ledger Management (PALM). *Florida PALM to FLAIR Interactive Chart of Accounts*. https://myfloridacfo.com/HTML5/ChartOfAccounts/story.html.

Schedule of Funds: The Schedule of Funds is a financial document used by the DCF to detail the allocation and distribution of program resources to CBCs at an OCA level.

Serious Mental Illness (SMI): General descriptor for one, or a combination of the following diagnostic categories: psychotic disorders, bipolar disorder, major depression, schizophrenia, delusional disorder, or obsessive-compulsive disorder. SMI indicators were sourced from the AHCA data.

Supplemental Funding/Non-DCF Funding: Funding received by the CBC Lead Agencies from external sources other than the DCF. The Cost Model considers historical expenditures incurred against these supplemental/non-DCF funding sources, which are called "non-DCF funded expenditures" throughout the report.

4. COST MODEL SCOPE

Generally, child welfare payments received by CBCs are to provide contracted services for the children in the 20 Judicial Circuits included in the Cost Model. This Cost Model includes all payment types necessary to capture the total cost of care for a given child in the Florida Child Welfare System based on current CBC operations and services provided.

The following components of the funding methodology are included in the scope of this report.[18]

4.1. In-Scope Expenditures

Expenditures covered in the Cost Model include those incurred against core services funding, pass-throughs, and non-DCF funding sources to calculate the total cost of care for a given child in the Florida Child Welfare System.

Operational and Fixed Costs

The proposed Cost Model accounts for operational and fixed costs required to sustain current CBC facility operations, consistent with the definitions stated in section 409.9913 of Florida Statutes and Section 3 of this report.[14]

Historical Use of Carry Forward Funds

Per Florida Statute, CBCs are permitted to carry over unexpended state funds up to 8% of the contract value from one SFY to the next, also referred to as "carry forward funds".[5] Use of carry forward funds are reflected in the general ledgers submitted by CBCs and are considered within the scope of the Cost Model if the funding has been used to supplement "core" allocation deficits in meeting contractual obligations (i.e., use of the funds has been necessary by the CBC Lead Agency to meet contractual duties).

Pass-throughs

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[18] RFQ 2324 121, Attachment A

The proposed Cost Model considers the total cost of care to administer the Florida Child Welfare System, including eligibility groups and pass-through expenditures, for several reasons. By capturing the total cost of services for the children and families served, regardless of the funding source, the DCF can understand the total cost associated with the Florida Child Welfare System and ensure CBC Lead Agencies are fully funded for the in-scope services they provide.

In addition, expenditures associated with pass-through payments represent an integral part of the Tier 2 Cost Model as they are incurred to support direct services and can fluctuate with risk profiles of children served. Excluding these expenditures from the Cost Model could undermine the total cost to serve children in these specific demographic groups.

Actuarially sound cost models consider the total expenditures incurred to facilitate a total cost of care model. Such cost models include both core and non-core expenditures that may ultimately not result in the same level of expenditures incurred by a CBC year-to-year. With the goal of constructing an actuarially sound Cost Model, it is important to include all contractual responsibilities incurred. The exclusion of expenditures relating to services delivered, independent of whether the specific services are core or non-core, could jeopardize the actuarial soundness of the model.

Supplemental Funding/Non-DCF Funded Expenditures

CBCs may receive funding from a variety of sources, including local government, private businesses, and not-for-profit foundations. In pursuit of understanding the total cost of providing DCF contractual services to children and families in the Florida Child Welfare System, the Cost Model was developed to account for expenditures that have been covered by supplemental, non-DCF funded sources if the funding has been used by the CBC Lead Agency to provide child welfare services required under the contract between the CBC Lead Agency and the DCF. The addition of this supplemental funding is included in the Cost Model for SFY 2025, which serves as a new baseline for CBCs to evaluate financial performance. The DCF reserves the right to evaluate if supplemental funding is considered in subsequent updates to the Cost Model for future fiscal years.

This report uses the term "Non-DCF Funded Expenditures" to describe the expenditures covered by these supplemental funds for ease of understanding. These expenditures are considered distinct from "out of scope" expenditures as they are expenditures incurred for services rendered under the DCF contract.

4.2. Out of Scope Expenditures

There are two categories of expenditures that were considered out of scope from the proposed Cost Model: Special Projects and "Out of Scope" expenditures identified by the DCF.

Special Projects

Special Projects were excluded from the Cost Model as they are specifically defined in the General Appropriations Act as a separate pool of funding available to only two specific CBCs who serve the

Sixth and Thirteenth Judicial Circuit. While excluded from the Cost Model, these funds are determined through the General Appropriations Act (GAA) and are considered in the funding methodology, as discussed in Section 10.

Out of Scope GL Expenditures

CBCs submitted general ledgers (GL) that included expenditures that were considered potentially out of scope. These are defined as expenditures that are incurred outside of the CBC's contractual obligations of the DCF and were identified in the GL through identifiers such as: "non-DCF", "N/A – non-reimbursable by DCF", or "non-contract". If the funding is used for services not required by the contract between the CBC Lead Agency and the DCF, they were excluded.

4.3. Population

The covered population for this model includes the children served by the CBCs on behalf of the DCF in the 20 Judicial Circuits.

5. DATA

This section provides an overview of the data collected and utilized in the Cost Models. It describes the data collection, sources, and transformation procedures.

5.1. Expenditure Report and General Ledger Data

A refined Expenditure Report template was developed to enable the CBCs to report expenditures incurred against funding provided through the DCF for contractual services. The updated Expenditure Report template had the following objectives:

- Enable CBCs to automatically populate the Expenditure Report via a direct link to the underlying general ledger (GL) for a given month.
- Standardize the taxonomy used to map expenditures to a particular tier of the Cost Model.
- Produce detailed expenditure summaries by OCA code based on defined cost categories for each tier of the Cost Model.
- Enable detailed reporting to normalize for differences in cost at each CBC, allowing for consideration of other adjustments that improve the granularity of the modeling.

The expenditure and census information requested from the CBC Lead Agencies included:

- Clear identification of OCA codes to GL transactions to use in populating the Expenditure Report.
- Submission of expenditures that were incurred in a given month to support DCF contract activities and covered by a non-DCF funding source.
- Submission of census counts by Group of Care.

The CBCs provided the DCF GL information via the updated Expenditure Report template for SFY 2023 and SFY 2024. The collected data was mapped to each tier of the Cost Model through the

standardized DCF taxonomy. Tier 2 expenditures by OCA were further mapped to a Group of Care (GOC). The mapping of these expenditures by tier and GOC was approved by the DCF and is described below.

5.1.1. DCF-Funded Expenditures

The monthly expenditure data for each CBC Lead Agency was submitted and compared by SFY to the CBC Financial Applications for review and approval by the DCF.

The updated Expenditure Report template supported standardization and consistency in expenditure reporting across the CBC Lead Agencies. The DCF created a standardized financial taxonomy which maps CBC-reported expenditures from the GLs to the tiers of the Cost Model and enables the DCF to consistently collect and review expenditures reported by the CBCs. The DCF hosted office hours with the CBCs to help answer questions regarding CBCs' GL mapping to align each CBCs' chart of accounts to the DCF standardized taxonomy.

Through facilitated workshops with the CBCs, it was observed that the CBCs may have different interpretations and methods of assigning expenditures to OCAs in the Expenditure Report template. As a result, the mapping of CBC expenditures to the Cost Model needed to occur at a lower level of granularity than the OCAs. For Tier 1, the CBC GL mapping relied on GL titles since there are no Tier 1-specific OCAs except for the "ADMIN" OCA. For Tier 2, the CBC GL mapping was primarily guided by OCAs and was supplemented by the GL title if a given OCA could capture both Tier 1 and Tier 2 expenditures. For more information regarding the standardized taxonomy, see Appendix 17.5.

The Tier 2 expenditures were further mapped by OCA code to a Group of Care (GOC). The DCF then applied the taxonomy mapping to the underlying GLs to assign the expenditures to each tier of the Cost Model.

Expenditures by OCA to Groups of Care Allocation

The DCF provided the logic to allocate Tier 2 expenditures to GOCs using OCA codes. Expenditures were allocated equally by child census counts for the qualifying Group(s) of Care. Expenditures related to Special Projects OCA codes were excluded during this step, as Special Projects funding is determined in proviso and is applicable to the CBCs serving the Sixth and Thirteenth Judicial Circuit, respectively.

5.1.2. Non-DCF Funded Expenditures

Submission of expenditures that were incurred in a given month and covered by non-DCF funding sources was requested by the DCF to support the development of the actuarially sound Cost Model. The CBCs manually submitted expenditures that were incurred to deliver DCF contractual activities which were reimbursed by non-DCF funding sources. As these amounts represent expenditures funded by a non-DCF entity, CBCs were willing to provide any supplemental information needed to validate the information.

These expenditures were allocated in the Cost Model into a particular tier based on a given CBC Lead Agency's respective Tier 1 and Tier 2 percentage of total expenditures for a particular SFY.

After these steps were performed, a consolidated financial data repository was created to use in calculating rates for each CBC.

5.2. Child Months Census

The child months census was a newly implemented component within the monthly Expenditure Reports. It required CBC entities to submit the aggregate count of children serviced at the end of the reported month, stratified by GOC, for SFY 2023 and SFY 2024. A review of reasonability for this provided census data was completed by comparing it to the expenditures recorded within the FSFN database.

5.3. FSFN Data

The DCF provided detailed child-level payment information from the FSFN database for service dates from July 2021 through June 2024. Payments from CBCs to providers are not exclusively made through the FSFN system; payments that contain unique identifiers for the children receiving services can be mapped to another demographic table within FSFN. The payment and demographic data were utilized in the age/sex assumption study, described below. The following three of the ten Groups of Care were not available in the FSFN payment data and thus Age/Sex risk factors were not applied to these groups In-Home, Non-Licensed Out of Home – Relative Non/Relative, and Non-Licensed Out of Home – Other.

SFY 2024 FSFN payment data was utilized in the analysis and consideration of including a behavioral health risk factor for children served by multiple state agencies (i.e., dually served) and in comparison to additional Medicaid behavioral health data provided by the Florida Agency for Health Care Administration (AHCA) to the DCF.

Additional information on the analysis of these expenditures as it relates to the behavioral health risk factor is described in Section 5.4.6.

Reference Appendix 17.3 for the listing of the FSFN fields provided.

5.4. Data Used for Assumptions

5.4.1. Geographic Housing Adjustments

Zillow housing data was used to project capital expenditures forward to nominal dollars in SFY 2025.[19] Specifically, the Zillow Home Value Indices for SFY 2023 and SFY 2024 and the Zillow Home Value Forecast for August 2025 were utilized in the Cost Model.

The Zillow Home Value Index (ZHVI) is defined as "a measure of the typical home value and market changes across a given region and housing type. It reflects the typical value for homes in the 35th to

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[19] Zillow (n.d.). https://www.zillow.com/research/data/?msockid=365677fd6f7760b51ec764a96e3461d5.

65th percentile range." [19] This measure was available for the historical periods of SFY 2023 and SFY 2024 at a county level. To project these amounts forward into SFY 2025, Zillow provided a forecast factor called the Zillow Home Value Forecast (ZHVF), which is "a month-ahead, quarter-ahead and year-ahead forecast of the Zillow Home Value Index (ZHVI)... [and is] created using the all homes, mid-tier cut of ZHVI..." [19] This forecast measure was available for a majority of Florida ZIP codes and was applicable to the base period of August 31, 2024. With this information, the county-level ZHVI and ZHVF were mapped to the catchment areas for each CBC.

ZHVF was first prepared by taking an average of the ZIP-level ZHVFs for each Florida county. For Florida counties that did not have a ZHVF forecast measure available, the statewide average of the ZHVF, weighted by county-level census data from the Florida Office of Economic and Demographic Research, was calculated. [20] The county-level ZHVF factors were then adjusted to project to January 1, 2025, which represents the midpoint of SFY 2025.

ZHVI data was then prepared by taking the average home price for each base year by Florida county. The SFY 2025 projected home values to January 1, 2025 were calculated by applying the county-level ZHVF factors to the ZHVI values from the forecast base period of August 31, 2024. With SFY 2023, SFY 2024, and projected SFY 2025 ZHVIs available for each county, a weighted average of home prices per SFY for each CBC was calculated by weighting for the percentage contribution that each county in a CBCs' service area contributes to the service area's total census.

Reference Appendix 17.6.2 for the resulting table of geographic housing growth rates by CBC. Reference Section 7.3.2 for the application of the housing adjustment in Tier 1 and Section 8.2.4 for the application of the housing factor in Tier 2.

5.4.2. Geographic Wage Growth Rates

The Bureau of Labor Statistics (BLS) Wage Data was used to project expenditures in the "non-capital – salaries" and "non-capital – purchased services" cost categories into SFY 2025 nominal dollars. [21] This data was available for May 2021, May 2022, and May 2023 at a county level. To improve alignment of the wage adjustment with the child welfare industry, wage data for community and social service occupations, excluding religious workers, were utilized in the Tier 1 Cost Model. BLS includes a variety of sub-occupations in this group, including counselors, social workers, and other miscellaneous community and social service specialists. A key assumption in using this data is that the May data available was representative of wage trends observed within each particular SFY of the historical period.

The wage growth rate was calculated by taking the average salary of community and social service occupations, weighted by county-level census data from the Florida Office of Economic and Demographic Research, for each CBC Lead Agency's service area. [20] For counties that were missing salary data from BLS, the statewide weighted average salary was utilized as a substitute. An

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[20] State of Florida Office of Economic and Demographic Research (n.d.). http://edr.state.fl.us/Content/population-demographics/index.cfm.
[21] United States Bureau of Labor Statistics (n.d.). https://www.bls.gov/bls/blswage.htm#State.

annualized growth rate to project expenditures to SFY 2025 nominal dollars for each CBC Lead Agency was calculated by averaging the 2021 to 2023 growth rates for each CBC.

Reference Appendix 17.6.3 for the resulting table of geographic wage growth rates by CBC. Reference Section 7.3.2 for the application of the wage growth rates in Tier 1.

5.4.3. Consumer Price Index (CPI)

The Consumer Price Index (CPI) data from the Bureau of Labor Statistics was used to project expenditures from SFY 2023 and SFY 2024 forward to program year SFY 2025.[22] The projection of a subset of Tier 1 and Tier 2 expenditures using the CPI average annual growth rate is intended to reflect anticipated inflation increases in SFY 2025.

Reference Section 7.3.2 and Section 8.2.1 for the application of CPI in Tier 1 and Tier 2, respectively.

5.4.4. Age/Sex Risk Factors

Child-level eligibility and demographic data was provided by the DCF from July 2021 through June 2024. This data was combined with the FSFN payment data to link the recipient of each FSFN payment to their corresponding age and gender.

Reference Appendix 17.3 for the listing of the Eligibility and Demographics fields provided.

5.4.5. Historical SFY Weighting

During the October Draft Methodology and Rate Report Discussion with the CBCs, CBCs shared varying perspectives on how delayed utilization of funding and historical deficits may impact the cost of care estimated in the Cost Model. Based on this feedback, the DCF decided that a CBC-specific weighting of historical expenditures is the most accurate for CBCs whose experience differed from the statewide experience.

A weighting factor of 70% for SFY 2024 and 30% for SFY 2023 was applied to all CBCs except for one CBC, ChildNet Broward.

ChildNet Broward noted that expenditures in SFY 2023 were more reflective of their true costs.

Due to these reasons, ChildNet Broward was given a weighting factor of 70% for SFY 2023 and a 30% weighting for SFY 2024.

5.4.6. Acuity Data for Behavioral Health Risk Factor

CBCs have reported that dually served youth (those served by multiple state agencies) have higher acuity levels and behavioral health challenges, which result in higher child welfare expenditures.

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[22] United States Bureau of Labor Statistics (2024, August 14). *Consumer Price Index, July 2024, Southeast Information Office*. https://www.bls.gov/regions/southeast/cpi-summary/2024/consumerpriceindex_summary_southeast_202407.pdf

The DCF requested that the health and behavioral acuity of children served by CBCs and their correlated impact on child welfare costs be considered in this Cost Model.

In support of this request, the DCF provided child welfare expenditure data for children dually served in foster care and by the Agency for Persons with Disabilities or the Department of Juvenile Justice. The DCF also provided the Florida Agency for Health Care Administration (AHCA) Medicaid data for SFY 2023 and SFY 2024 for children in foster care. The AHCA data included medical, behavioral, and substance use disorder (SUD) Medicaid expenditures by child. This data included the FSFN case start and end dates for the corresponding CBCs which served each child. A small number of records (one-percent) did not have a specific CBC related to the AHCA expenditure incurred . This data difference was deemed immaterial, and those records were excluded from the analysis described below.

The AHCA data also included a data field to identify children diagnosed with Serious Mental Illness (SMI). Children with an SMI diagnosis required additional support and have higher expenditures, which served as an indicative measure of higher risk children. An analysis was conducted of the population distribution of SMI children and average expenditures by CBC to assess the relative risk between CBCs using the AHCA data. A behavioral health risk factor was subsequently incorporated into the Tier 2 Cost Model after review and consideration of the relative risk assessed from the AHCA data.

An analysis of the average child welfare expenditures for dually-served children was conducted relative to non-dually served children and those diagnosed with an SMI. The analysis yielded a significant overlap between children who are dually served and those who are diagnosed with an SMI. The average child welfare expenditures for children diagnosed with an SMI were much higher than the expenditures for children who are dually served by multiple state agencies but do not have an SMI. The average child welfare expenditures for dually served children who are not diagnosed with an SMI were lower and had a high degree of variability. Based upon the analysis conducted, the sub-population of children with an SMI diagnosis was identified as a reasonable proxy for a behavioral health relative risk factor between CBCs. The introduction of an additional risk factor on top of the SMI behavioral risk factor discussed above could potentially double count the relative risk estimated by CBC. Further analysis of high-risk children and their impact on costs is recommended to further refine relative risk factors between the CBCs.

6. COST MODEL OVERVIEW

The Cost Model estimates the expenditures forward into program year SFY 2025 for each CBC for two tiers of expenditures: Tier 1 and Tier 2.

The Tier 1 Cost Model was designed to cover two general categories of expenses: operational and administrative costs that should minimally fluctuate with the volume of children and families served by the DCF (Tier 1a) and salaries and benefits and case management contracts (Tier 1b). The Tier 2 Cost Model estimates expenditures that fluctuate with the volume of children and families

serviced by the CBCs for a given program year using a combination of historical experience and projection assumptions.

The output of the Cost Model calculation will be used to inform the funding needed for each CBC with regards to standard operational expenditures and variable service demands dependent on the number of children served.

7. TIER 1 COST MODEL

7.1. Tier 1 Cost Model Overview

Tier 1 is designed to estimate operational and administrative expenditures that should minimally fluctuate with the volume of children and families served by the DCF. For a list of the cost categories that make up Tier 1, refer to Appendix 17.5.

Due to variation in the systems of care and operational infrastructure across CBC Lead Agencies, particularly for contracted case management services, it was challenging to consistently identify salaries and benefits associated with administrative roles versus direct services roles. As a result, the DCF elected to consolidate salaries and benefits into a single subcategory within Tier 1 to maintain consistent treatment of expenditures across CBC Lead Agencies and support short-term workforce planning for key functions in the Florida Child Welfare System. As a result, Tier 1 was divided into two general categories of expenses: operational and administrative costs (Tier 1a) and salaries and benefits (Tier 1b).

7.2. Assumptions

The following assumptions were utilized to develop the cost growth adjustments that were applied in the Tier 1 Cost Model.

7.2.1. Cost Growth Adjustments

7.2.1.1. Geographic Housing Growth Rates

Zillow housing data was leveraged to project capital expenditures into SFY 2025 nominal dollars while adjusting for cost differentials driven by operating in varying CBC geographies. In Tier 1, there are capital expenditures, such as rent, lease payments, and depreciation. Zillow housing data was identified as the most appropriate available data source that provided county-level, capital-related expenditure data with a specified forecast factor to project these costs forward into SFY 2025. As a result, the DCF assumed that the housing growth adjustment served as a reasonable growth rate to apply to capital expenditures.

7.2.1.2. Geographic Wage Growth Rates

The Bureau of Labor Statistics (BLS) Wage Data was used to project expenditures in the "non-capital – salaries" and "non-capital – purchased services" cost categories into SFY 2025 nominal dollars while adjusting for cost differentials driven by operating in varying CBC geographies. These cost categories were specifically chosen as they include expenses that are likely to grow with wage

inflation. In addition, key assumptions in using this data are that the May data available was representative of wage trends observed within each SFY of the historical period, and the subset of occupations chosen from the BLS dataset was representative of the labor mix in Florida's Child Welfare System.

7.2.1.3. Consumer Price Index (CPI)

For all other cost categories in Tier 1, expenditures were projected from their respective historical period to SFY 2025 using the Consumer Price Index (CPI) published by the BLS. The CPI of 2.9% represents the Southeast (BLS region) percentage change in CPI from July 2023 to July 2024 for all items and all urban consumers. The application of CPI in these select cost categories assumes that the percentage change in CPI for July 2023 to July 2024 is a reasonable assumption for future increases in these cost categories.

7.3. Methodology

The following methodology was used to estimate Tier 1 expenditures for SFY 2025.

7.3.1. Base Rate Adjustments

The consolidated SFY 2023 and SFY 2024 general ledger (GL) expenditure data submitted by the CBCs in September 2024 was used as the primary data source for Tier 1. The CBCs' submitted expenditures were mapped to a standardized DCF GL title, cost category, and tier of the Cost Model. Several CBCs required additional refinements to their expenditure data based on specific circumstances applicable to that CBC Lead Agencies' pertinent history or observed data limitations. Refinements included annualizing expenditure data and accounting for Special Projects funding (specifically in the Sixth and Thirteenth Judicial Circuits).

The base rate accounted for non-DCF funded expenditures by taking the amount allocated to Tier 1 and summing it with the GL expenditures for a given SFY. It is worth noting the non-DCF funded expenditures make up roughly 1% of the total Cost Model input and have a minimal effect on the CBC Cost Model results. After the base rate was determined, the base rates were further adjusted in subsequent steps that project the nominal value of Tier 1 expenditures in SFY 2025.

7.3.2. Cost Growth Adjustments

Base year data from SFY 2023 and SFY 2024 were leveraged to project historical expenditures forward to nominal dollars for SFY 2025, which inherently reflected historical cost differences among CBCs. The methodology used three key growth rates: housing growth, wage growth, and the Consumer Price Index (CPI). These indicators were applied to specific cost categories within Tier 1 to project forward expenditures that align with each indicator's expense profile.

SFY 2023 was projected forward two years to SFY 2025, while SFY 2024 was projected forward one year to SFY 2025. The growth rates were applied as follows:

Table 1: Tier 1 Cost Growth Adjustments

Cost Growth Adjustment	Purpose	Applicable Cost Categories
Geographic Housing Growth Rate	Estimate capital expenditures in SFY 2025 and account for cost variation between CBCs.	• Capital Expenses
Geographic Wage Growth Rate	Estimate expenditures associated with labor in SFY 2025 and reflect local labor market conditions specific to community and social service occupations, excluding religious workers.	• Non-Capital – Purchased Services • Non-Capital – Salaries
Consumer Price Index (CPI)	Estimate cost growth driven by inflation in SFY 2025.	• Non-Capital – Insurance Expense • Non-Capital – Other Expenses • Non-Capital – Supplies

Utilizing CBC-specific cost growth adjustments, such as geographic housing growth and localized wage growth, instead of relying solely on a statewide CPI for all cost categories, is intended to reflect the cost differential driven from serving different geographic areas across CBCs. Each CBC operates in a unique economic environment with a varying mix of expenditures, particularly pertaining to capital expenditures and wages. The application of localized growth rates will enable the Cost Model output to account for specific economic trends observed between CBCs in their specified service areas.

By integrating these tailored projections, the Tier 1 expenditure estimates for SFY 2025 account for cost differentials driven by operating in different geographies.

7.3.2.1. Geographic Housing Growth Rates

To estimate the nominal value of historical capital expenses for Tier 1, the DCF utilized the growth rates from the Zillow Home Value Index (ZHVI), as discussed in Section 5.4.1.[19] The DCF then analyzed the average growth rates between SFY 2023 to 2025 and SFY 2024 to 2025, respectively, to apply to the capital expenditures cost category.

Each CBC has its own specific growth rate based on the Zillow housing data. If the growth rate calculation resulted in a negative value, the DCF set a minimum growth rate of 0% to ensure no negative growth was applied. These individualized growth rates were then applied to the capital expenditures cost category in Tier 1 for each CBC.

7.3.2.2. Geographic Wage Growth Rates

To estimate future wage-related expenses for Tier 1, the DCF calculated the wage growth rate for each CBC using data from the Bureau of Labor Statistics.[21] The DCF considered the average salary of community and social service occupations (excluding religious workers), weighted by county-level census data from the Florida Office of Economic and Demographic Research, for each CBC

Lead Agency's service area.[20] For counties missing salary data, the DCF used the statewide weighted average salary as a substitute.

The DCF calculated an annualized growth rate for each CBC by averaging the wage growth rates from 2021 to 2022 and from 2022 to 2023, respectively. These growth rates were then applied to each CBC's expenditures in the "non-capital – salaries" and "non-capital – purchased services" categories to account for wage variations across different regions.

To estimate expenditures from SFY 2023 to SFY 2025, the DCF used the midpoint of these years, considering that 2024 is a leap year. Similarly, for estimating expenditures from SFY 2024 to SFY 2025, the DCF used the midpoint of these years. By applying each CBC's specific average annual growth rate to the respective base years and using these midpoints, the DCF estimated the Tier 1 "non-capital – salaries" and "non-capital – purchased services" expenditures to reflect anticipated wage increases in SFY 2025.

7.3.2.3. Consumer Price Index (CPI)

To estimate expenditures from SFY 2023 and SFY 2024 forward to SFY 2025, the DCF used the Consumer Price Index (CPI) data from the Bureau of Labor Statistics.[22] This was applied to the following cost categories: Non-Capital - Insurance Expense, Non-Capital - Other Expenses, and Non-Capital - Supplies.

For projecting expenditures from SFY 2023 to SFY 2025, the DCF identified the relevant Tier 1 expenditures based on the mapping exercise and general ledger data submitted by CBCs. The DCF then used the midpoint of SFY 2023 to SFY 2025, considering that 2024 is a leap year, to project these costs forward using the CPI of 2.9%.

Similarly, for projecting expenditures from SFY 2024 to SFY 2025, the DCF identified the base expenditures for SFY 2024 and used the midpoint of SFY 2024 and SFY 2025 to project these costs forward to SFY 2025 using the same CPI growth rate referenced above.

By applying the average CPI annual growth rate to the respective base years and using the midpoints of each year, the DCF projected this subset of Tier 1 expenditures to reflect anticipated inflation increases in SFY 2025.

7.3.3. Final DCF-Funded Tier 1 Rate

After the historical period expenditures from SFY 2023 and SFY 2024 were projected forward to SFY 2025, the historical expenditures were blended using each CBC's specific 70%/30% weighting to calculate the final Tier 1 rate by CBC.

The estimated Tier 1 rates were calculated as the weighted average of the two base years, SFY 2023 and SFY 2024. The SFY 2023 and SFY 2024 adjusted expenditures were given a weighting of 30% and 70%, respectively. The greater weighting for SFY 2024 reflects more recent factors that are anticipated to continue in SFY 2025, such as changing economic and political environments that impact child welfare and the maturity of the CBCs' operational processes. One CBC used inversed weightings of 70% and 30% on SFY 2023 and SFY 2024 due to specific circumstances described in Section 5.4.5.

7.4. Tier 1 Results

The figure below shows the final Tier 1 estimated expenditures by CBC.

Figure 2: Tier 1 Results by CBC

CBC Name	SFY 2023 Actuals	SFY 2024 Actuals	SFY 2025 Expected Annual Cost
Central			
Heartland for Children	$27.1M	$26.0M	$27.6M
Kids Central Inc	$36.6M	$36.7M	$38.4M
Northeast			
Community Partnership for Children	$19.9M	$21.5M	$22.5M
Family Support Services of North Florida, Inc.	$27.0M	$31.0M	$33.2M
Kids First of Florida	$5.7M	$5.4M	$5.8M
Partnership for Strong Families	$24.2M	$21.3M	$24.1M
St. John's Board of County Commissioners	$4.0M	$4.4M	$4.6M
Northwest			
Northwest Florida Health Network - East	$26.2M	$26.7M	$31.3M
Northwest Florida Health Network - West	$39.0M	$37.1M	$39.2M
Southeast			
ChildNet Broward	$33.5M	$33.0M	$35.2M
ChildNet Palm Beach	$18.5M	$18.3M	$19.1M
Communities Connected for Kids	$17.1M	$17.0M	$18.2M
Southern			
Citrus Family Care Network	$62.0M	$63.0M	$65.9M
Suncoast			
Children's Network of Hillsborough, LLC	$45.0M	$42.3M	$46.0M
Children's Network of Southwest Florida	$32.4M	$38.2M	$39.4M
Family Support Services of Suncoast, LLC	$49.9M	$50.4M	$52.2M
Safe Children Coalition	$17.8M	$18.3M	$19.7M
Statewide Total*	**$535.6M**	**$540.6M**	**$574.6M**

*Note: The table above purposefully does not foot to the statewide total due to the exclusion of Family Partnerships of Central Florida (FPCF) from these proposed rates. From discussions with the DCF, FPCF will receive consistent payments per the Schedule of Funds due to the limited experience available for this CBC prior to May 2024.

8. TIER 2 COST MODEL

8.1. Tier 2 Cost Model Overview

The Tier 2 Cost Model was designed to estimate expenditures that fluctuate with the volume of children and families serviced by the CBCs for a given program year using historical experience and

projection assumptions. Annual general ledger submissions from CBCs for SFY 2023 and SFY 2024 were used as base experience for developing the SFY 2025 cost estimates by Group of Care (GOC). The following section describes the assumptions and methodology used in the development of the Tier 2 Cost Model.

The Tier 1 and Tier 2 Cost Models served as the basis for the funding methodology, as described in Section 10. Both Cost Models together serve to provide a baseline for anticipated future expenditure by CBC.

8.2. Assumptions

The following section describes the development of the assumptions utilized in the Tier 2 Cost Model. The Tier 2 Cost Model is derived from the level of services and expenditures incurred for SFY 2023 and SFY 2024 adjusted for trend and the other factors as described below.

8.2.1. Trend Factor

The trend factor was applied to account for both cost and utilization changes from the base years to the program year. Tier 2 trending projected the future costs and the DCF allocation in the Cost Model to reflect changes in program demands.

The actual historical budget trends from the prior three years were compared to the Consumer Price Index (CPI) information posted by the Bureau of Labor Statistics, as detailed in their Consumer Price Index Summary for the Southeast Region.[22] The trend analysis incorporated both the historical cost data and the projected mix of children served in the program. After meeting with various stakeholders and the DCF, it was determined by the DCF that the Consumer Price Index was an appropriate trend factor for projecting Tier 2 expenditures.

8.2.2. Credibility Weighting Factor

The credibility weighting factor was used to blend an individual CBC rate with the adjusted statewide average rate (described in Section 8.3.3 below). A credibility weighting factor was applied when the total SFY 2024 individual CBCs' annual child months was below the full credibility threshold of 50,504 child months. The full credibility threshold was the median (50th percentile) of the SFY 2024 annual total child months census count.

The following parameters were used to determine if a CBC required the application of a credibility weighting factor:

- CBCs where the SFY 2024 total child months were above the full credibility threshold had a 100% credibility weighting factor.

- CBCs where the SFY 2024 total child months were below the full credibility threshold had a partial credibility factor assigned and were weighted against CBC-adjusted statewide average expenditures.

CBCs that met the full credibility threshold utilized their own CBC-specific data. For CBCs that did not meet the full credibility threshold above, CBC actual expenditures were weighted against an adjusted statewide average rate to develop the estimated rate for SFY 2025.

- CBC-adjusted statewide PCPMs were calculated utilizing a statewide (SW) base PCPM and adjusting for CBC-specific risk characteristics.

- The SW base PCPM represents the average cost to care for a child in the state in that GOC and was calculated as the weighted average PCPM per GOC.

- Credibility weighted PCPMs were calculated based upon the averaging of the CBC's specific experience and the CBC-adjusted statewide average expenditure calculated by GOC from above.

8.2.3. Age/Sex Risk Factor

An age/sex factor was applied to account for differences in risk and cost between male and female children across various age groups. The data from FSFN payment, demographic, and eligibility data was combined to perform an age/sex assumption study using the Child ID field to link the data. Individual expenses were assigned to a GOC using OCA codes and service type description, as selected by the DCF. The child's GOC was determined as the GOC in which they had the highest expenditures.

The age/sex assumption was studied using an average PCPM for each of the prior three fiscal years by age, sex, and Groups of Care. The PCPMs for each combination of child age and sex were compared to the statewide PCPM to derive specific risk factors per CBC per GOC. These risk factors were subsequently used to calculate individual risk factors by CBC for each GOC, based on the actual mix of children within each CBC. Lastly, the factors were rebased for the data in the Tier 2 Cost Model such that there was a net neutral impact.

The results of the study are shown in Appendix 17.6.1. Overall, there are higher expenditures for children aged above 13, and direct relationships observed between age and costs, as well as sex and costs.

8.2.4. Geographic Factor

Geographic factors were applied to account for the differences in costs across locations of child welfare services. The geographic factors were calculated using Zillow's housing prices and forecasts.[19] The use of Zillow housing data helped capture the market costs for housing in the regions served by the CBCs. The CBC-specific geographic factors were calculated as the square root of the population-weighted average of the home prices in the counties served by the CBC relative to the population-weighted average home price of the state. The square root was used to account for housing trends being a portion of child welfare costs and the compounding effect of other costs of living. The factors were rebased using projected child months to yield a net neutral impact from the geographic adjustment.

Zillow housing data was identified as an appropriate data source that provided county level data with a specified forecast factor to project these costs forward into SFY 2025.

8.2.5. Behavioral Health Risk Factor

Behavioral health risk factors were applied to account for differences in the relative risk by CBC for higher risk children being served. The risk factors were developed using the SFY 2024 Florida Agency for Health Care Administration (AHCA) Medicaid data. The AHCA data included a data field to identify children diagnosed with Serious Mental Illness (SMI), and the CBCs that served each child. Children with an SMI diagnosis required additional support and had higher expenditures, which served as an indicative measure of higher risk children. CBCs serving children with SMI noted additional expenditures related to security and protective services for SMI children to ensure that the children were appropriately cared for given their health needs.

The behavioral risk factor accounts for CBCs' risk relative to the statewide average based on the percentage of SMI children served by a CBC that had an SMI diagnosis relative to 14%, the statewide average percentage of the children served by a CBC with an SMI diagnosis.

A "phase-in" adjustment was applied to the behavioral health risk factor. Phase-in periods are common for risk adjustment programs to support transitions when applying new adjustments. A 25% phase-in adjustment was applied to mitigate any unintended impact of this new adjustment for relative acuity between CBCs. Further analysis is warranted over the relative risk between CBCs including a full risk score analysis at the member-level utilizing diagnostic related groupings to further refine a relative risk factor by CBC. As the understanding of relative risk between CBCs matures, the DCF can consider increasing the phase-in percentage.

The purpose of this behavioral health risk factor is to adjust cost for the higher risk members and adjust the Tier 2 Cost Model for relative risk between CBCs in the absence of fully credible data.

8.3. Methodology

The following describes the methodology to develop the Tier 2 Per Child Per Month (PCPM) rates.

8.3.1. Base Rate by Group of Care

General ledger (GL) expenditure data from SFY 2023 served as the data source for base year 1 and SFY 2024 served as base year 2 for two full years of experience data. The CBCs' submitted expenditures were mapped to Tier 2 cost category based on OCA codes and GL titles and further allocated using OCA codes to the ten GOCs, which represent cohorts with varying eligibility of services and payments/reimbursement and similarity in expected cost and risk.

8.3.2. CBC Rate Using Own Experience

The PCPM rate calculated using a CBC's own experience used the CBC's own base years of expenditures. The base expenditures PCPM by GOC, described in Section 8.3.1, were updated with the following adjustments to develop the SFY 2025 experience rate. No prospective program adjustments were included in the SFY 2025 Cost Model.

Cost Trend Factor

Annual trend based on CPI of 2.9% was applied to account for the increases in costs over time by trending forward base experience from the respective base year to the forecasted program year.[22]

Non-DCF Funded Expenditures

Non-DCF funded expenditures were incorporated to account for the total cost of care per child. Due to the varying and flexible sources of non-DCF funding, a CBCs' non-DCF funded expenditures were applied across all GOCs at the same percentage increase relative to the base PCPM for the respective year. While this is important to account for the total cost of care, it is worth noting the non-DCF funded expenditures were minimal and represented roughly 1% of the total Cost Model input.

Age/Sex Trend Factor

The age/sex trend factor was applied to the CBC experience PCPMs developed using SFY 2023 to account for changes in risk of the population from SFY 2023 to SFY 2024, the latest year available for age/sex assumption study. Age/sex trend factors were assumed to be 1.0 for all CBCs from SFY 2024 to SFY 2025.

8.3.3. Adjusted Statewide Rate

The Adjusted Statewide (SW) Rate was calculated as the statewide base PCPM for each GOC adjusted for CBC-specific risk and characteristics. The following adjustments are made to the SW base PCPM to reflect each CBC's profile related to the total cost of care.

Cost Trend Factor

Annual trend based on CPI of 2.9% was applied to account for the increases in costs over time by trending forward base experience from the respective base year to the forecasted program year.

Non-DCF Funded Expenditures

Non-DCF funded expenditures were incorporated in the base rate to account for the full cost of care per child. Due to the varying and flexible sources of non-DCF funding, these expenses were applied across all GOCs at the same percentage increase relative to the base PCPM.

Age/Sex Factor

An age/sex factor was applied to the SW base PCPMs by GOC for non-fully credible CBCs to risk adjust the statewide average rates to the risk level specific to the CBC.

Geographical Factor

The geographical factor was applied to the SW base PCPMs for non-fully credible CBCs to adjust the statewide PCPM to the geographic level specific to the CBC.

Behavioral Health Risk Factor

The behavioral health risk factor was applied to the SW base PCPMs for non-fully credible CBCs to adjust the statewide PCPM to the risk level specific to the CBC for each respective base year.

8.3.4. Final DCF-Funded PCPMs

Experience Weighting

The projected GOC and CBC funding PCPMs were calculated as the weighted average of the two base years, SFY 2023 and SFY 2024. The SFY 2023 and SFY 2024 funding PCPM were given a weighting of 30% and 70%, respectively. The greater weighting for SFY 2024 reflects more recent factors that are anticipated to continue in SFY 2025, such as changing economic and political environments that impact child welfare and the maturity of the CBCs' operational processes. One CBC used inversed weightings of 70% and 30% on SFY 2023 and SFY 2024 due to specific circumstances described in Section 5.4.5.

GOC Blending

The ten GOCs PCPM rates were weighted based on the projected GOC mix to determine one final blended PCPM for each CBC. The Tier 2 Cost Model assumed the projected SFY 2025 census counts to be the same as the actual SFY 2024 census counts. Any differences in the expected to actual census counts in SFY 2025 as well as deviations from expected costs should be reconciled as considered in Section 11 and Section 12.

8.4. Tier 2 Cost Model Results

The Tier 2 Cost Model developed a blended PCPM for each CBC, as described above. The Cost Model incentivizes CBCs to align with the DCF's objectives to incentivize prevention, in-home services, and safe/timely permanency. The blended rate Cost Model offers payment stability to the CBCs who will receive payments for their covered census on a regularly scheduled basis.

The results of the Tier 2 Cost Model are the actuarially sound expected annual costs. For a given CBC, the expected annual costs under Tier 2 were calculated using the following formula:$Expected\ Annual\ Costs = Projected\ Child\ Months * Final\ Blended\ PCPM$

The figure below shows the final Tier 2 Blended SFY 2025 Projected Rates by CBC.

Figure 3: Tier 2 Results by CBC

CBC Name	SFY 2025 Projected Child Months	Final Blended PCPM Rate	SFY 2025 Expected Annual Cost
Central			
Heartland for Children	50,792	$822	$41.8M
Kids Central Inc	56,132	$759	$42.6M
Northeast			
Community Partnership for Children	41,744	$915	$38.2M
Family Support Services of North Florida, Inc.	62,094	$877	$54.5M

Kids First of Florida	11,942	$762	$9.1M
Partnership for Strong Families	44,340	$717	$31.8M
St. John's Board of County Commissioners	6,238	$832	$5.2M
Northwest			
Northwest Florida Health Network - East	42,863	$777	$33.3M
Northwest Florida Health Network - West	62,607	$706	$44.2M
Southeast			
ChildNet Broward	54,768	$1,186	$64.9M
ChildNet Palm Beach	42,290	$1,076	$45.5M
Communities Connected for Kids	32,184	$816	$26.3M
Southern			
Citrus Family Care Network	65,257	$999	$65.2M
Suncoast			
Children's Network of Hillsborough, LLC	76,982	$900	$69.3M
Children's Network of Southwest Florida	50,216	$724	$36.3M
Family Support Services of Suncoast, LLC	82,137	$1,036	$85.1M
Safe Children Coalition	34,181	$979	$33.5M
Statewide Total*	***873,131***	***$926***	***$808.7M***

*Note: The table above purposefully does not foot to the statewide total due to the exclusion of Family Partnerships of Central Florida (FPCF) from these proposed rates. From discussions with the DCF, FPCF will receive consistent payments per the Schedule of Funds due to the limited experience available for this CBC prior to May 2024.

9. STAKEHOLDER ENGAGEMENT

CBC Lead Agency and provider engagement was a top priority throughout the project. Eight (8) group meetings, three (3) workshops and over seventy-five (75) individual CBC meetings have been completed, providing sufficient opportunities to engage in areas of data collection, data analysis, data model definition, and model development. As a result, feedback received through this process was incorporated throughout the model development.

9.1. Expenditure Data Collection and Analysis

The engagement with CBC Lead Agencies in the expenditure data collection and analysis process involved reconciling CBC specific general ledger data with historical CBC Financial Applications. To facilitate this, the DCF organized various group and individual meetings, including office hours and a live demonstration by a CBC Chief Financial Officer. These sessions provided live education and individual training on mapping the CBC's individual general ledger and chart of accounts to a standardized taxonomy and general ledger structure in the updated monthly Expenditure Report template.

Throughout the process, key issues faced by the CBCs were addressed and can be found in Table 2 below.

Table 2: Key Considerations Impacting Expenditure Data Collection and Analysis

Key Consideration	Solution
CBCs may maintain separate ledgers to comply with different reporting requirements and accounting principles.	The updated Expenditure Report template streamlines cost allocations and improves efficiency through a unique CBC general ledger crosswalk to a standardized DCF taxonomy.
Historically, there is inconsistent allocation of expenditures to OCAs.	The updated Expenditure Report template establishes a clear and standardized allocation of expenditures to OCA codes, cost categories, and tiers.
The DCF's current Expenditure Report template did not capture the total cost of providing services under the contract.	The updated Expenditure Report template now includes an enhanced view of expenditures, beyond solely DCF-funded expenses.
Identifying units of service and detailed costs proved difficult as the structure of the previous Expenditure Report template lacked alignment with standardized cost allocation protocols.	The updated Expenditure Report template segments expenditures associated with each OCA into cost categories aligned with the Cost Allocation Plan and Chart 8 guidance, facilitating granular identification of costs.

9.2. Cost Model Development

Throughout the development of the Cost Model, the concerns raised by the CBCs were documented and assessed. The DCF actively worked towards addressing these concerns and providing a solution that could adhere within financial and actuarial principles and guidelines.

By incorporating CBC feedback, the DCF was able to identify and address specific concerns and challenges faced by the CBCs. The resulting solutions in Table 3 below aim to design a Cost Model that meets the needs and considerations of stakeholders involved.

Table 3: Key Cost Model Considerations that Impact Cost Model Development

Consideration	CBC Concern	Solution/Rationale
Variability of Case Management Salaries and Benefits	Case management expenses (salaries and benefits) do not vary based on nominal shifts in caseload. These costs should not be subject to a per child per month (PCPM), but rather be considered as a part of administrative/ infrastructure costs.	All expenditures related to salaries and benefits are grouped in Tier 1b. By assigning these expenditures to Tier 1, expenditures related to salaries and benefits will not be determined through a PCPM.

Other Sources of Funding Supporting Delivery of DCF Contracted Services	CBCs expressed concern about the lack of recognition for expenses incurred to support the DCF contractual obligations that were covered by non-DCF funding sources. These non-DCF funding sources can include funding from local governments or other grant programs.	The Cost Model includes expenditures incurred for DCF contractual obligations that were funded by a non-DCF entity. This supports a depiction of the total cost of care.
Non-FSFN Census Data	Census data for all Groups of Care (GOC) may not be reported through FSFN. Tier 2 rates should account for all children served by CBCs and should be risk-adjusted to reflect varying needs of clients.	In the short term, census data can be reported on a monthly basis via the Expenditure Report. FSFN can be used to inform assumption studies and risk adjustments for available GOCs. In the long term, the Comprehensive Child Welfare Information System (CCWIS) modernization can support the development of sufficient, detailed, and granular information that can be used to inform rate-setting in the future
Geographic Factors	There is a cost differential from operating in different geographies between different CBCs or regions of the state. An analysis should be performed to assess the impact of geographic variation on costs.	For Tiers 1a (capital expenditures) and Tier 2, the Cost Model utilizes a geographic housing adjustment _and_ For Tier 1b, the Cost Model leverages a geographic wage adjustment.
High-Cost, High Needs Children	High-needs children often incur greater expenditures on the Florida Child Welfare System, which may contribute to budget deficits observed across CBCs.	A behavioral health risk factor was incorporated into the proposed Tier 2 Cost Model. It was observed that children with a Serious Mental Illness diagnosis required additional support and have higher expenditures, which served as an indicative measure of higher risk children.
	Historical CBC funding may not accurately and equitably	The proposed Cost Model accounts for various factors that drive cost

Historical Inequity in Funding Levels	represent future CBC costs in future years.	differences between CBCs, including a housing adjustment, wage adjustment, types of services provided and risk factors (e.g., Groups of Care), and demographic indicators (e.g., Age, Sex).
		In addition, the proposed Cost Model incorporates historical expenditures covered by non-DCF funding sources, which were assumed to represent supplemental funding the CBCs required to operationalize and support DCF contractual activities.

By addressing the CBCs' concerns, the DCF has demonstrated a commitment to collaboration in creating a Cost Model that aligns with the needs of the CBCs while still maintaining regulatory compliance and industry practices. Based on these discussions with the CBCs, several elements of the proposed Cost Model and funding methodology were intentionally designed to protect CBCs as they transition their operations to align with the proposed funding methodology.

Table 4 below summarizes the purpose and application of these specific elements:

Table 4: Proposed Cost Model Elements to Support Funding Methodology Transition

Cost Model Element	Potential Issue with Funding Methodology Transition	Solution & Rationale
CBC-Specific Historical Base Year Weighting	CBCs expressed varying perspectives on how delayed utilization of funding and historical deficits may impact the cost of care estimated in the Cost Model for a given CBC.	CBC-specific weighting of historical base years will be applied to historical expenditures to better capture the cost of care to serve the Florida Child Welfare system. At the Department's discretion, the methodology can adopt a uniform historical weighting on base year expenditures in the Cost Model.
Tier 1 Housing Growth Rate	The housing data utilized in the Tier 1 Cost Model may introduce a downward effect on Tier 1 capital expenditures.	A floor of a 0% housing growth rate was introduced in the Tier 1 Cost Model to limit the impact of downward geographic adjustments on Tier 1 rates for each CBC.
Hold Harmless Mechanism	CBCs requested that there be no funding reductions during the	A "Hold Harmless" provision is proposed in the SFY 2025 Cost

	transition year to ensure no unintended impacts with the new funding methodology.	Model for the Florida Legislature's consideration so that no individual CBC has a reduction in payment relative to the SFY 2025 Schedule of Funds budget.

10. FUNDING METHODOLOGY

Proposed CBC Funding Framework

The DCF assumes the actuarially sound Cost Model discussed in this report is the baseline for the new funding method for calculating advance payments to the CBCs in accordance with s.409.9913, Florida Statutes.[25] The main difference in this approach compared to the current methodology is the shift from funding core versus non-core services to distributing resources based upon the Cost Model outputs for Tier 1 and Tier 2 described in this report.

This change upholds the actuarial soundness of the Cost Model and enhances the accuracy and fairness of funding allocations. As discussed in Section 4.1 and Section 15, "actuarially sound" rates account for all reasonable, appropriate, and attainable costs. By leveraging the proposed Tier 1 and Tier 2 framework moving forward, the disbursement of monthly payments will be based on the actuarially sound Cost Model. This accounts for the totality of CBC expenditures incurred for contractually required services by DCF.

In addition, by distinguishing between Tier 1 and Tier 2 expenditures, the Cost Model aims for each CBC to receive funding that reflects their specific needs. Overall, the use of a budgeting framework based on the two-tier Cost Model provides a new baseline for CBCs to evaluate future financial performance. To the extent that child months increased, the Cost Model provides a Per Child Per Month (PCPM) expenditure assumption that can be adjusted for growth if a CBC services a greater number of children than historical experience.

This funding methodology also provides the following benefits:

- **Enhanced Accuracy:** This new model provides more precise projections of funding by considering both fixed and variable costs which independently will address operational standard needs and variable service demands.

- **Transparency:** The clear distinction between Tier 1 and Tier 2 expenditures in the Expenditure Reports and funding methodology enhances the transparency of the funding process and reconciliation. Stakeholders will have more insight into how funds are allocated and the rationale behind the advance payments.

- **Adaptability**: The new model is more adaptable to changes in service demands. As the number of children in care fluctuates, the funding can be adjusted accordingly, better equipping CBCs with necessary resources to meet their current needs.

- **Ease of Reconciliation:** The Tier 1 and Tier 2 methodology directly relates to the Expenditure Report submitted by CBCs each month. This consistent method of reporting and reconciling expenditures will allow for a more efficient reconciliation process that can aid funding or policy decisions going forward.

- **Alignment on Best Practices:** The actuarial approach aligns with best practices in actuarial science, financial management and planning, and value-based care. It ensures that funding decisions are based on robust data and sound financial and actuarial principles, supporting the long-term sustainability of child welfare services.

Additionally, the use of a Tier 1 and Tier 2 framework will allow for the DCF to consider the implementation of a Tier 2 Risk Corridor program, as discussed below in Section 11.

Funding Methodology for Year 1

The recommendation to fund CBCs in line with the output of the actuarially sound Cost Model will yield an estimated cost of $1.383 billion. With the Special Projects funding considered, the total comes to $1.392 billion, as described in Section 1. Compared to the SFY 2025 GAA amount, this would require a $13.3 million increase from current funding, which equates to a 0.96% increase.

As noted throughout the report, Family Partnerships of Central Florida (FPCF) is a new CBC and is recommended to be funded at the current SFY 2025 Schedule of Funds amount. Funding FPCF at the current level brings the total funding need for CBCs to $1.394 billion.

Hold Harmless

Section 409.9913, Florida Statutes required the funding methodology to consider any "reduction in funding that may be detrimental to operations or result in a reduction in services to children."[1] At the Florida Legislature's discretion, a "Hold Harmless" provision can be implemented for CBCs with lower Cost Model outputs compared to their SFY 2025 Contract budget. It is recommended that this Hold Harmless provision be applied for the first program year as a risk mitigation strategy as CBCs gain experience with the Cost Model and to protect against any negative operational impacts from reduced funding. This protection also helps CBCs that received a substantial infusion of additional funding in 2022 and are in the final implementation stages of system redesign in expending those funds.

Should the Hold Harmless provision be accepted by the Florida Legislature for the first year of the funding methodology, the total increase from the SFY 2025 GAA amount would be $28.6 million, which represents a 2.08% increase.

11. RISK CORRIDORS

11.1. Risk Corridors Overview

Risk Corridors can serve as a financial mechanism to help mitigate financial risk arising from unexpected variations in the health risk of children (i.e., acuity risk) that result in higher-than-

expected expenditures relative to budgeted amounts. Within the proposed Cost Model, a Risk Corridor can be included to help mitigate the risk that a given CBC may be supporting a larger number of children with higher acuity needs than the established PCPM budgeted estimated amount.

The DCF requested that KPMG develop a proposed approach for a one-sided Risk Corridor program for CBC Tier 2 expenditures to help mitigate some of the financial uncertainty associated with the payments presented in the Tier 2 Cost Model.

11.2. Risk Corridor Approach

A one-sided 2% Risk Corridor threshold can be applied across CBCs relative to the Tier 2 Cost Model for SFY 2025. The 2% will be applied to the Tier 2 SFY 2025 Risk Corridors allowable expenditures by CBC, as defined below, relative to actual expenditures. The total financial risk exposure is $16.2 million related to Risk Corridors if CBCs were to exceed the 2% Risk Corridor.

As a simple illustrative example, if a CBC's allowable expenditures subject to the Risk Corridor fall within 100% to 102% of budgeted expenditures, the State of Florida will support funding for the additional expenditures up to the additional 2% of actual incurred expenditures. If CBCs incur more than 102% of the budgeted expenditures, the CBC will be financially responsible for Tier 2 expenditures above this threshold. Alternatively, if a CBC's actual expenditures fall below 100% of budgeted expenditures, the DCF will allow the CBCs to retain the full amount of the capitated funds provided – subject to applicable state and Federal reconciliations of funds[23].

Allowable expenditures must be related to a higher-than-expected acuity risk profile of children served (e.g., a higher number of children in residential care). Cost increases solely associated with unfavorable provider contracting negotiations (providing board rate increases across the network without sufficient funding to support this action) are not subject to allowable expenditures. In evaluating allowable expenditures, the DCF will evaluate options for assessing the acuity of CBCs children taking into consideration the average age, sex, diagnosis and health conditions of children.

In order for the Risk Corridor to be applied, a review of budget actions must be reviewed to ensure the additional expenditures could not have been mitigated by other actions and are directly related to uncontrollable experiences. If the Legislature decides to include the risk corridor in the final funding methodology approved, additional criteria can be developed around allowable versus non-allowable cost expenditures that are subject to the Risk Corridor. The State of Florida will also have to develop a method for funding the risk corridor program.[23]

11.3. Benefits of Risk Corridors

A Risk Corridor encourages CBCs to manage their annual spending in a fiscally responsible manner, while allowing the CBCs flexibility to support evolving care needs for children within the 2% variation.

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[23] CBCs must return Federal funds if not utilized as defined per s.409.990, F.S.

A Risk Corridor also has inherent benefits for the State of Florida and taxpayers in that the exposure for the State is limited to the 2% variation on Tier 2 expenditures, unlike the present situation, where there is no cap established for addressing deficit spending. The maximum exposure would be $16.2 million, whereas historically the financial risk exposure has exceeded this amount (see Figure 1). The CBCs would be financially responsible for significant variations in expenditures above the 2% Risk Corridor threshold.

11.4. Risk Corridor Sample Calculation

Below is an illustrative example of a calculation followed by notes that explain the variables utilized:

Figure 4: Illustrative Example of Risk Corridor (RC) Calculation[24]

Sample Schedule for Risk Corridor	Higher than Expected Expenditures	Lower than Expected Expenditures
Actual Expenditures Per Child Per Month (PCPM)	$900	$800
Allowable PCPM (Estimated)	$850	$850
Non-Allowable Expenditures per PCPM	$25	$0
Allowable Expenditures	$875 ($25 higher expenditure)	$800 ($50 lower expenditure)
Risk Corridor Ratio (Allowable to Target)	102.9%	94.1%
Gain Post RC	$17 RC funded (2%) per PCPM	$50 per PCPM retained by CBC if all costs are allowable, no adjustment to capitated funding.
Loss Post RC	$8 additional cost to CBC for higher costs per PCPM	N/A

The following notes are provided to explain the illustrative calculation above for CBCs:

1. **Per Child Per Month (PCPM) - Actual Costs** – Captures the total Tier 2 Cost Model actual costs for CBCs.

2. **Target PCPM** – Reflects the Tier 2 Cost Model output for the expected expenditure amount.

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[24] The Risk Corridor sample calculation above is presented for illustrative purposes. The Risk Corridor provision requires further development and consideration prior to the finalization of allowable expenditures and acuity definitions for Risk Corridors.

3. **Non-Allowable Expenditures** – Notes any expenditures incurred by the CBC which are not subject to the Risk Corridor calculations, such as providing board rate increases across the system without sufficient funding to support this action.

4. **Allowable Expenditures** – Reflects the expenditure amount incurred by the CBC subject to the Risk Corridor calculation.

5. **Risk Corridor Ratio** – Reflects the ratio of allowable expenditures to the target amount.

6. **Gain/Loss Post Risk Corridors** – Reflects the PCPM benefit from the Risk Corridor program, and any additional expenditures incurred by the CBC.

12. RECONCILIATION

12.1. Reconciliation Overview

Reconciliation is the process where the prospective payments dispersed to the CBCs are compared to what the payment would have been using historical funding approaches.

During the program year, CBCs will record and report expenditures and receipts through the updated Expenditure Report template and CBC Financial Application System to the DCF. As part of the monthly Expenditure Report submissions, CBCs will submit Child Months Census reports, as described in Section 5.2. At a frequency determined by the DCF, the DCF will perform a reconciliation of CBC actual expenditures against those estimated by the Cost Model.

12.2. Assumptions

There are several assumptions that underpin the reconciliation process proposed in this section:

- **Program Year:** Similar to the rest of the report, the process assumes that the Cost Model estimates funding for SFY 2025.
- **Florida Statute:** The discussion of the reconciliation process is based on Florida Statutes as of December 2024.
- **Advanced Payments:** Per s.409.990(1), F.S., "the method of payment for a fixed-price contract with a lead agency must provide for a 2-month advance payment the beginning of each fiscal year and equal monthly payments thereafter."[25]
- **Distribution of Funding:** The reconciliation process assumes that the budget allocation for each OCA is established at the beginning of the SFY and is used to determine the mix of state, federal, and other funding sources used to fund a given OCA.

Changes to these assumptions will require a re-evaluation of the reconciliation process discussed below.

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[25] S. 409.990(1), F.S.

12.3. Process Framework

In accordance with Florida Statutes, CBCs will receive monthly advance payments based on the fixed-price contract established with the DCF.[25] Every month, CBCs will be responsible for entering the monthly expenditures within the CBC Financial Application System and for submitting the Expenditure Reports to the DCF with the expenditure and census data, as discussed in Section 5. At a frequency determined by the DCF, the DCF will perform a reconciliation process on the Tier 1 and Tier 2 component of the advanced payment compared to actual expenditures and child months served.

As the DCF considers the implementation of the Cost Model, the considerations described in Table 5 can be used to guide the DCF towards operationalizing a reconciliation process that aligns with current requirements established in Florida Statutes, existing CBC operations, and the DCF's vision for the Cost Model.

Table 5: Reconciliation Process Considerations

	Advanced Payment Disbursement	Advance Payment Comparison to Actuals	Funding Impact Determination
Tier 1	• The monthly CBC advance payment is determined by taking the output of the Tier 1 Cost Model, plus any applicable Hold Harmless adjustment, divided by twelve (12). • The advance payment is distributed across applicable OCAs to Tier 1 with consideration for each CBCs' funding arrangements with state and federal funding sources.	• CBCs will submit expenditures by OCA via the updated Expenditure Report and the CBC Financial Applications. • The DCF will compare the reported actual expenditures compared to the advance payment paid to-date by OCA to determine if CBCs were over- or underpaid for Tier 1.	*Reconciliation by OCA* • For outstanding balances in General Revenue funds in a given OCA, CBCs will be permitted to keep these amounts, per s.409.990, F.S.[5] • For any unearned federal funds, these amounts will need to be returned to the DCF.
Tier 2	• The monthly CBC advance payment is determined by taking the output of the Tier 2 Cost Model, plus any applicable Hold	• CBCs will submit expenditures and child months census data via the updated Expenditure Report. CBCs will also submit expenditures by OCA	*Reconciliation by Child Months* • If a CBC reports greater child months than estimated by the Cost Model, then the DCF may utilize other

Harmless adjustment, divided by twelve (12). • The advance payment is distributed across applicable OCAs to Tier 2 with consideration for each CBCs' funding arrangements with state and federal funding sources.	via the CBC Financial Applications. • The DCF will first perform a reconciliation based on child months by determining if CBCs were over or underpaid in Tier 2 based on the difference between the reported actual child months census and the estimate used to calculate the Tier 2 Advance Payment. • After performing the reconciliation based on child months, DCF can compare the reported actual expenditures compared to the advance payment paid to-date by OCA in Tier 2. This will allow the DCF to determine if CBCs were over- or underpaid for Tier 2.	sources of funds available to help cover the deficit. • If a CBC reports less child months than estimated by the Cost Model, then the CBC will be responsible for returning the difference in payment due to child months. *Reconciliation by OCA* • For outstanding balances in General Revenue funds in a given OCA, CBCs will be permitted to keep these amounts, per s.409.990, F.S.[5] • For any unearned federal funds, these amounts will need to be returned to the DCF.

13. TIER 3 INCENTIVE PROGRAM FRAMEWORK

The following section discusses the proposed Tier 3 Incentive Framework for the DCF's consideration in implementing a future system of incentives for child welfare.

13.1. Department Goals

The DCF strives to develop an incentive program for a funding methodology that provides incentive payments to CBCs based on the achievement of safety, timely permanency, prevention, and overall wellbeing for children and families. This model can be applied at both the state and community levels. The main goal is to establish a system of incentives that encourages ongoing improvement and rewards providers based on the quality and effectiveness of care and services delivered.

13.2. Background Information

The prevalence of performance-based contracting in the child welfare sector continues to grow. As of recent studies, more states have adopted performance contracts for various child welfare services, reflecting a broader interest in this approach.[26] While there is increasing implementation, comprehensive evaluations have started to emerge. For instance, a 2011 study found that performance-based contracting in three states was associated with improved permanency outcomes for children. However, the overall impact remains mixed, with some systems showing positive results and others needing further refinement.[26]

13.3. Definition of an Incentive Program

Performance-based payment models differ from traditional contracts in important ways. These models aim to shift away from a services-based payment approach and instead establish a system of incentives that support continuous improvement processes and reward providers based on the quality and effectiveness of care delivered. Providers can earn financial incentives by exceeding certain performance indicators. Ultimately, performance-based payment models incentivize community providers to strive for continual improvement in their child welfare practices by linking their financial incentives directly to the quality and cost-efficiency of the services they deliver.[27]

Key factors for successful implementation of the incentive program include[27]:

- **Setting clear, measurable objectives:** The objectives must be aligned with the goals of improving safety, ensuring timely permanency, promoting wellbeing, and enhancing prevention and in-home care in the child welfare system.

- **Collecting and compiling standardized measures:** A system of standardized measurement is necessary to reward performance and monitor whether the objectives are being achieved.

- **Establishing appropriate risk adjustment for outcomes measures:** Risk adjustment mechanisms need to consider the varying complexities of each child's circumstances and wellbeing to ensure fair reward.

- **Supporting CBC readiness:** CBCs must have the necessary infrastructure and capabilities to operate within this incentive framework. They should be adequately resourced and equipped.

- **Supporting continuous monitoring, evaluation, and adjustment:** Regular evaluations of the incentives identified and associated performance are crucial to track the success of the program and to make necessary modifications, promoting a culture of learning and improvement.

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[26] Social Innovation Research Center (2016, February 8). *Building Performance Systems in Child Welfare, Lessons from Performance-based Contracting, Performance Management, and the Emergence of Social Impact Bonds. http://socialinnovationcenter.org/wp-content/uploads/2016/02/building-performance.pdf.*
[27] Health Resources & Services Administration (May 2024). HRSA Maternal and Child Health Bureau (MCHB). *Using Performance-Based Contracting to Strengthen Performance.* Retrieved by link.

- **Allowing for variability within the model:** The program must acknowledge when there is a need to consider applying differing approaches based on unique circumstances of each community or special circumstances that may warrant community-specific incentive targets rather than statewide targets.

- **Creating clear and effective communication channels:** Terms, conditions, and expectations surrounding the program must be communicated effectively to all stakeholders, preventing misunderstandings and misalignment.

13.4. Recommended Incentive Program Framework

The following section discusses an incentive framework that organizes key guiding principles within the following five categories: 1) program goals 2) payment 3) quality measurement 4) performance improvement, and 5) program sustainability. These guiding principles are depicted in Table 6 below.

The guiding principles in Table 6 evolved from professional advice on payment reform and extensive research of value-based payment initiatives throughout the United States. These principles have been updated to incorporate the CBC Lead Agency feedback and knowledge shared during the virtual Tier 3 Workshop in May 2024 and the in-person Department and Lead Agency facilitated session in Orlando in October 2024.

Table 6: Incentive Program Framework and Guiding Principles

Framework	Guiding Principles
Program Goals	The overarching program goal should be specific and measurable to allow for a strong connection between the quality measures being tracked in the program and the achievement of the DCF's goals.
Quality Measurement	The quality measurement process should include: • Measures that relate to areas CBCs can directly influence and control. • Targets that are established prior to the beginning of the fiscal year (performance period). • A regular cadence for data collection and analysis (either monthly or quarterly). • Ongoing engagement and technical assistance. A program has appropriate quality measures if the measures: • Directly support the stated program goal, • Incentivize higher performance among low-performing CBCs, • Reduce adverse events, • Reduce the number of children in care, • Improve overall safety and well-being, • Reduce the length of time the child and family are involved in the child welfare system,

	• Incentivize specific measures for each CBC based on their current state of operations (within legislative constraints), and • Incentivize specific statewide measures for all CBCs.
Performance Improvement	A program demonstrates continuous performance improvement by including: • A range of inputs from CBCs, providers, and other stakeholders, • Active monitoring of performance measures that show improvements in child safety, permanency, and wellbeing outcomes, and • Regular data evaluation to enhance the incentive program as a component of the funding methodology.
Program Sustainability	A program demonstrates sustainability elements by including: • Predictable and stable earnings potential for CBCs. • Minimum administrative burden to collect data for reliable quality measures. • Technical assistance (technology support, practice transformation support, leading practice knowledge sharing, etc.). • Alignment to other payment models using similar quality measures. In addition, a program demonstrates sustainability if: • Targets, based around child safety, permanency, and wellbeing, are established in advance of performance periods. • Program targets are immutable, transparent, and established in advance to promote predictability and stability.
Payments	A well-designed incentive program should be comprised of the following core payment design elements: • Legislative approval of the incentive program funding mechanism. For example, the Legislature may decide that Tier 3 funding is achieved through savings in Tier 1 and Tier 2 that are reinvested into Tier 3, or a separate amount of funding could be allocated each year that can be used to fund the incentive program. • Payments would be made at the end of the rating period after all data has been collected and analyzed to determine performance outcomes.

Figure 5 provides an overarching roadmap, functioning as a guide to plan the first year ahead of the incentive program's design.

Figure 5: Proposed Year 1 Roadmap for Incentive Program Implementation

First Year				
Step 0	**Step 1a**	**Step 2**	**Step 3**	**Step 4**
Refine the CW goals with measurable objectives	Establish a system of standardized CW quality measurement	Identify support requirements for continuous improvement	Define cost/budget parameters	Define parameters to support a sustainable approach

• *Maximize impact by tying measurable objectives to goals (e.g. quality, cost)*	**Step 1b**	• *Leverage existing DCF stakeholder engagement and analytical resources to provide education and performance improvement activities*	• *Define the funds available for payments of CW services through LBR process*	• *Define programmatic elements that promote self-sustainment; transparency and predictability*
	Launch Pay-for-Reporting program with CBCs	• *Encourage additional continued education for providers in the areas of complex cases and service delivery*	• *Determine financial 'guardrails' to establish payment standards for future model*	• *Request funding to address functional and non-functional capability gaps*
	• *Enable a consistent approach to funding and rewarding value* • *Allow for rapid adoption and expansion over time*	• *Equip CBCs with real-time and actionable data insights* • *Identify areas of deficiencies proactively*		

13.5. CBC Lead Agency Observations and Recommendations

The DCF conducted an in-person session on October 23, 2024, with the CBC Lead Agencies. The objective was to comprehend their goals and aspirations for an incentive program as part of the proposed funding methodology for the child welfare system. The conclusions drawn from this important interaction offer vital insights to inform the design and implementation of the incentive program.

CBCs expressed several ideas for the DCF's consideration:

- **CBC Sphere of Control:** Incentives should focus on aspects CBCs can directly control and influence to ensure practicality and effectiveness.

- **Peer State Review and Comparison:** Incorporating peer practice into the incentive program will allow for competitive benchmarking and learning from best practices.

- **Dynamic Check and Balance system with the DCF:** The CBCs proposed an ongoing interaction with the DCF for continuous program improvement.

- **Tier 3 with Incentives versus Savings Distinction:** Tier 3 should clearly differentiate between incentives and cost savings.

- **Permanency as the Main Incentive:** Timely permanency is considered as the main incentive, underlining the shared importance of reducing the length of time children experience the child welfare system, thereby reducing the number of children in the Florida Child Welfare System.

- **Combination of CBC-Specific Measures with Statewide Measures:** Merging CBC-specific targets with statewide measures was suggested as a way to assess the state of the Florida Child Welfare System against statewide targets while accounting for each CBCs' unique operational history and environment.

13.6. Recommended Tier 3 Incentive Measures

In collaboration with the DCF and the CBCs, the following three (3) performance measures are recommended for the first year of the incentive program. Targets for each measure are yet to be established, but it is recommended that there be individualized targets for each CBC as opposed to statewide targets to ensure attainable progress.

Table 7: Tier 3 Incentive Measures for DCF's Consideration

Category	Proposed Measure	Definition	Methodology
Permanency	**Children Achieving Permanency who are 13 years of age and older**	This measure can be defined as the percentage of children achieve permanency before the end of the fiscal year. Youth who are entering at age 17 years old or who turn 18 years old while in foster care during the reporting period are considered excluded from this measure. Permanency includes: • Discharges from foster care to reunification with the child's parents or primary caregivers, • Living with a relative, • Guardianship, and • Adoption	Children aged 13 or older who exited care and had a discharge reason of one of the following: Adoption, Guardianship, or Reunification DIVIDED BY The total number of children in aged 13 or older in the out-of-home-care population during the same time period
Permanency	**Timely Submission of Judicial Review Social Study Reports (JRSSRs)**	This measure can be defined as the timely submission of Judicial Review Social Study Reports by the case manager to Children's Legal Services (CLS) at least ten (10) business days prior to hearing.	Total number of JRSSRs submitted timely by child DIVIDED BY The total number of children with a judicial review hearing during the same time period
Permanency and Well-Being	**Placement with Relatives and Non-Relatives**	This measure can be defined as the percentage of children who achieve placement with a relative or non-relative caregiver.	Total number of children whose placement in out-of-home care are with a relative or non-relative DIVIDED BY

			The total number of children in out-of-home care during the same time period

14. LIMITATIONS AND RECOMMENDATIONS

The DCF pursued the implementation of a risk-adjusted actuarially sound payment model with SFY 2025 as the first fiscal year. While the Cost Model and funding methods described in this report are sound and reasonable, they are not without limitations. The purpose of this section is to describe the limitations and proposed KPMG recommendations to improve the Cost Model and funding methodology in the future.

The recommendations detailed in this section are summarized in the table below.

Table 8: Summary of Limitations & Recommendations

Subsection	Limitation	Recommendations
Data	KPMG relied on the DCF and the CBCs to provide reasonably accurate data and information to utilize in the Cost Model. Methodological adjustments needed to be made to account for CBC organizational changes that occurred during the historical period and limitations related to data granularity and sufficiency. The data available and used in the Cost Model was reviewed for reasonability and approved by the DCF.	• Update the Expenditure Report template on a recurring basis to reflect the most up-to-date information needed by the DCF for cost reporting or Cost Model refinement purposes. • Review and refine data collection and quality review procedures to drive future enhancements to the Cost Model. • Leverage the Comprehensive Child Welfare Information System modernization as an opportunity to integrate child welfare data sources and facilitate the collection of detailed, sufficient, and granular data.
Model	The modeling described in this report is applicable for SFY 2025 only and is primarily based on historical reported expenditures and census data by the DCF and the CBCs.	• The Tier 1 and Tier 2 Cost Model assumptions and methodology need to be reviewed and updated annually based on year-over-year emerging child welfare costs and trends.

14.1. Data

14.1.1. General Ledger Data and Expenditure Summary Reports

KPMG relied on the DCF and the CBCs to provide reasonably accurate data and information, without misrepresentation, to utilize in the Cost Model. However, since the data was not audited, there may be limitations regarding the data, mapping, and standardization of general ledgers submitted by the CBCs:

- Expenditure report data submitted by the CBCs may be inconsistent with what was previously submitted to the DCF during SFY 2023.
- CBCs have different accounting systems and practices, which prevented standard categorization of expenditures that are assigned to each tier of the Cost Model.

While there are known data limitations underlying the available data, we have concluded that the data is reasonably sufficient to comment on the actuarial soundness of the Tier 2 Cost Model as further described in the next section.

To help assess the reasonableness of data, the DCF performed a reconciliation exercise that compares total amounts reported via the CBC Financial Applications to the amounts reported via the updated Monthly Expenditure Reports, with a threshold of 5% variance from the CBC Financial Applications.

In instances where the variance in reported expenditure amount totals exceeded the 5% threshold, the DCF requested data resubmission from the CBCs. KPMG supported the DCF in allocating the totals between tiers and GOCs appropriately by using a standardized taxonomy that maps expenditures from CBC general ledgers to consistent tiers of the funding methodology.

For one CBC - Family Partnerships of Central Florida (FPCF) - there were organizational changes that occurred throughout the past few years that required the DCF to make specific methodological adjustments. The most significant organizational change related to FPCF, which reflected a collection of historical CBC organizations, was Embrace Families, Inc., which was an active CBC responsible for serving Orange, Osceola, and Seminole counties during the historical period. In May 2024, Embrace Families, Inc. dissolved and was absorbed by CBC of Brevard, which was responsible for Brevard County. Beginning in June 2024, FPCF will serve the four counties that were formerly served by CBC of Brevard and Embrace Families, Inc. Due to the circumstances of Embrace Families' dissolution, Embrace Families was unable to directly provide the requested SFY 2023 and SFY 2024 expenditure and census data. As a result, the DCF elected to fund FPCF following the current historical funding methodology which disburses advanced payments following the Schedule of Funds. After a year of complete data is reported by FPCF, the Cost Model should be evaluated by the DCF using the latest expenditure, census, and market data available.

Data Enhancement Opportunities

As the DCF continues to enhance its data collection and standardization practices, KPMG recommends the DCF to implement an internal program that conducts regular reviews of

Expenditure Reports submitted by the CBCs. In addition, there are several areas that the DCF can consider to further improve the Expenditure Report template. This includes:

- Updating the Expenditure Report template annually, quarterly, or monthly (as applicable) for new OCAs.
- Collecting supporting documentation on the use of non-DCF funds to reimburse expenditures incurred to support DCF contract activities.
- Collecting additional GL input data to refine the CBC GL mapping to the DCF standardized taxonomy, such as identifiers for transactions covered by carry forward funds or non-DCF funds.

With greater data granularity available to the DCF via the linked GLs in the updated Expenditure Report template, improved data review and quality processes will help align the CBC expenditure reporting with Department policies, state guidelines, and federal regulations and can refine the Tier 1 and Tier 2 Cost Models going forward.

14.1.2. FSFN Payment and Eligibility Data

The SFY 2025 Tier 2 Model did not leverage FSFN data to set PCPM rates. The FSFN data was used to perform the age/sex risk factor assumption study and review the output from GL Mapping for reasonability.

FSFN data was considered insufficient to calculate PCPM rates for SFY 2025 due to two major concerns:

- CBCs recorded only ~ 50% of the payments received from the DCF in FSFN systems.
- FSFN data did not include data for three Groups of Care: In Home, Licensed OOH – Relative/Non-Relative and Licensed OOH Other.

While the FSFN data was considered reasonable for an age/sex assumption study, note that these data limitations resulted in three groups of care listed above not being adjusted for age/sex differences in the Tier 2 Cost Model. This decision was approved by the DCF in September 2024.

Other FSFN data limitations that were not rate limiting but impacted an in-depth analysis include:

- Lack of standardization and potential variances between how different CBCs recorded data in FSFN.
- The payment data and eligibility data could not be combined at a child level since the eligibility was captured only at month-end.
- Lack of data validation procedures and the absence of an audit trail.

14.1.3. Child Months Census

KPMG relied on child months census reports submitted by each individual CBCs to calculate prospective payments in the Cost Model. KPMG did not review the data for completeness or accuracy but reviewed the data to be reasonable as an input to the Cost Model.

While the data was reasonable for the purpose of calculating prospective payments, there were certain limitations that hindered an in-depth analysis:

- **Granularity:** The data did not have child level details and demographic information supporting the Child Months Census reports from the CBCs.

- **Timing:** Due to the complexity of the data aggregation process, CBCs only submitted census data as of the month end for which they were reporting.

Some CBCs had missing census information due to organizational changes. In this instance, the child months were annualized and input into the Cost Model.

14.1.4. Recommendation for Future State

As the DCF implements the Comprehensive Child Welfare Information System (CCWIS) data platform, KPMG recommends that the payment data collected includes all the payments to CBCs in a granular fashion that can allocate every dollar spent by the CBCs to a child in a particular month. Granular child-level data will help the DCF to perform an efficient reconciliation of the proposed Cost Model after the end of the performance period.

Further, KPMG recommends that the eligibility data be enhanced to include data sources include Exits, Entries and Placements data, Florida Agency for Health Care Administration (AHCA) Medicaid data, and the Monthly Eligibility Reports. The data for both payment and eligibility should have detailed and granular information so that a child-level analysis could be performed.

Lastly, the FSFN data should reconcile closely to the GL and census information that the CBCs individually possess.

Below is a blueprint view of KPMG's recommended future state:

Figure 6: Recommended Future State
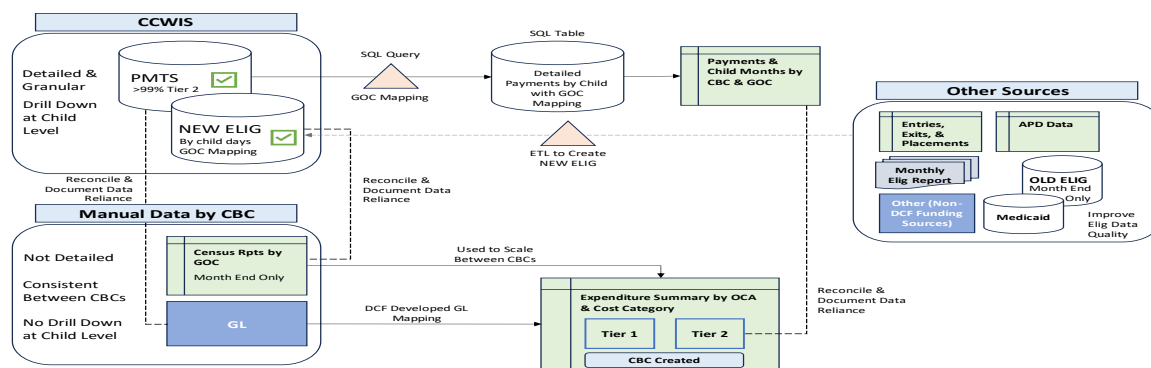
15. ACTUARIAL SOUNDNESS

The Tier 2 Cost Model, unlike the Tier 1 Cost Model, projects future costs on a per-child basis, considering the child's demographic factors, the extent of care required based on groups of care, and other adjustments needed to project costs for a future time period. The nature of the Tier 2 Cost Model requires the use of actuarial principles and actuarial soundness.

The development of the funding methodology described in this report is based on an actuarially sound Tier 2 Cost Model and aligns with the objectives of the DCF and was based on actuarially sound methods. 42 CFR 438.4 defines "actuarially sound" projection rates as having the ability to provide for all reasonable, appropriate, and attainable costs.[28] The Cost Model incorporated all historical service and operational expenditures submitted by CBCs under the terms of their contracts with the DCF for child welfare services and projects expenditures for the SFY 2025 rate period. The Cost Model assumes that base experience reflects a reasonable range of outcomes in SFY 2025 and does not account for outlier operational changes or external factors such as natural disasters, political, and economic changes.

The development of the funding methodology herein adhered to the actuarial standards of practice (ASOP) developed by the Actuarial Standards Board (ASB) and the American Association of Actuaries (AAA). The ASOPs referenced include but are not limited to: ASOP 1 Introductory Actuarial Standard of Practice, ASOP 12 Risk Classification, ASOP 23 Data Quality, ASOP 41 Actuarial Communication, and ASOP 56 Modeling.

Disclaimers

This report was prepared for the specific purpose of developing an actuarially sound funding methodology for child welfare services. This report may not be appropriate, and should not be used, for other purposes. This report is intended solely for use by the DCF to understanding the Cost Models and the recommended implementation of these models, including reconciliation after the end of SFY 2025, the period for which the methodology was created. This report is intended to be used and reviewed in its entirety.

KPMG developed models and analyses to estimate costs and factors as described in this report. KPMG has reviewed the model, including data inputs and results for consistency and reasonableness. KPMG relied on data submitted by the CBCs and the DCF as model inputs. The report is intended to be used and reviewed in its entirety. There may be a requirement for additional analysis if the DCF does not implement the model recommended in this report in entirety. The implications for implementing some or all portions of the reports are dependent on the DCF. KPMG does not assume responsibility for any implications of implementing the model either in part or in entirety.

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[28] 42 Code of Federal Regulations § 438.4. Retrieved December 11, 2024. https://www.ecfr.gov/current/title-42/chapter-IV/subchapter-C/part-438/subpart-A/section-438.4.

The data was not audited, and in the case that data is found to be materially incomplete or inaccurate, results will need to be updated. There may be a requirement for additional analysis if the DCF does not implement the model recommended in this report in entirety. KPMG does not assume responsibility for any implications of implementing the model either in part or in entirety.

The rates developed in the Tier 2 Cost Model were based on data available at the time the Cost Model was developed and KPMG's judgment for making appropriate adjustments.

KPMG developed the Tier 2 Cost Model in this report to estimate the cost of child welfare using PCPM rates by CBC for SFY 2025. KPMG actuaries reviewed the model, including inputs, calculations and outputs for reasonableness and appropriateness and consider the model to be in compliance with generally accepted actuarial principles and Actuarial Standards of Practice (ASOP). The model may not be appropriate for any other purpose except the ones described in this report.

The report includes both actuarial and non-actuarial methods and principles. While the report in its entirety is not an actuarial communication, the content describing the Tier 2 Cost Model, risk corridors, and reconciliation are authored by the actuaries at KPMG, who are members of the American Academy of Actuaries, and meet the Qualification Standards of the Academy to render actuarial communication written in these sections. To the best of our knowledge, this communication is complete and accurate and has been prepared in accordance with generally accepted actuarial principles and practices.

KPMG recognizes that the material delivered as part of this report may be public records or distributed to third parties; however, KPMG does not assume any responsibility to the third parties that receive this work.

16. COST MODEL RESULTS BY CBC

Heartland for Children

CBC Name:	Heartland for Children
Contract Number:	TJ501
Program Year:	SFY 2025

Table 1: Expenditure Summary by Tier			
	SFY 2023	**SFY 2024**	**SFY 2025 Estimate**
Tier 1	$ 27,083,219	$ 25,960,218	$ 27,624,121
Tier 2	38,412,629	41,072,293	41,753,346
Total	**$ 65,495,848**	**$ 67,032,510**	**$ 69,377,467**
Base Year Weighting	30%	70%	

Table 2: Rate Buildup by Tier		
Tier 1	**SFY 2025 Buildup**	**Notes**
Preliminary Expenditures*	$ 26,297,118	
Add: Housing Growth Adjustment	1,048	Housing growth attributed to 0.3% average inflation assumption; however, expenditure-based weighting is minimal at 0.9%.
Add: Wage Growth Adjustment	1,304,933	Wage growth attributed to 3.9% average inflation assumption, which serves as the driver of rate buildup at 97%.
Add: CPI Adjustment	21,022	CPI growth attributed to 2.9% CPI assumption; however, expenditure-based weighting is minimal at 2.1%.
Total Tier 1 Expenditures	**$ 27,624,121**	
Tier 2		
Credible Weighting Factor	100%	Credibility weighting factor of 100% as child months exceed 50,504.
Trended PCPM (CBC data only)	$ 832	2.9% trend applied to SFY 2024 actual PCPM; excluding statewide average.
Difference between CBC data and SW adjusted	(11)	Above average costs compared to statewide.
Preliminary PCPM**	$ 821	2.9% trend applied to base year weighted expenditures.
Add: Age/Sex Adjustment PCPM	1	Slightly higher risk profile in SFY 24 vs. 23 correlating to 1.001 risk score.
Add: Geographic Adjustment PCPM	-	No adjustment applied due to credible expenditure data.
Add: Behavioral Health Adjustment PCPM	-	No adjustment applied due to credible expenditure data.
Final PCPM	**$ 822.05**	Rounded to two decimal points
Program Year Projected Child Months (#)	50,792	
Total Tier 2 Expenditures	**$ 41,753,346**	Calculated with exact PCPM Value
Total Estimated Expenditures	**$ 69,377,467**	

Notes

*Preliminary expenditures include non-DCF funded expenditures and do not include Special Projects. Historical expenditures have also been blended following the appropriate 70%/30% weighting for each base year.

**Preliminary PCPMs include non-DCF funded expenditures and have been trended forward using CPI assumption of 2.9%. PCPMs have been weighted for credibility and historical amounts have been blended following the appropriate 70%/30% weighting for each base year.

Kids Central Inc

CBC Name:	Kids Central Inc
Contract Number:	PJ503
Program Year:	SFY 2025

Table 1: Expenditure Summary by Tier			
	SFY 2023	SFY 2024	SFY 2025 Estimate
Tier 1	$ 36,624,394	$ 36,671,413	$ 38,419,464
Tier 2	40,583,553	40,946,986	42,603,561
Total	$ 77,207,947	$ 77,618,399	$ 81,023,025
Base Year Weighting	30%	70%	

Table 2: Rate Buildup by Tier		
Tier 1	**SFY 2025 Buildup**	**Notes**
Preliminary Expenditures*	$ 36,657,308	
Add: Housing Growth Adjustment	5,243	Housing growth attributed to 0.4% average inflation assumption; however, expenditure-based weighting is minimal at 3.3%.
Add: Wage Growth Adjustment	1,733,362	Wage growth attributed to 3.8% average inflation assumption, which serves as the driver of rate buildup at 95%.
Add: CPI Adjustment	23,551	CPI growth attributed to 2.9% CPI assumption; however, expenditure-based weighting is minimal at 1.7%.
Total Tier 1 Expenditures	$ 38,419,464	
Tier 2		
Credible Weighting Factor	100%	Credibility weighting factor of 100% as child months exceed 50,504.
Trended PCPM (CBC data only)	$ 751	2.9% trend applied to SFY 2024 actual PCPM; excluding statewide average.
Difference between CBC data and SW adjusted	8	Below average costs compared to statewide.
Preliminary PCPM**	$ 759	2.9% trend applied to base year weighted expenditures.
Add: Age/Sex Adjustment PCPM	(0)	Slightly lower risk profile in SFY 24 vs. 23 correlating to 1 risk score.
Add: Geographic Adjustment PCPM	-	No adjustment applied due to credible expenditure data.
Add: Behavioral Health Adjustment PCPM	-	No adjustment applied due to credible expenditure data.
Final PCPM	$ 758.99	Rounded to two decimal points
Program Year Projected Child Months (#)	56,132	
Total Tier 2 Expenditures	$ 42,603,561	Calculated with exact PCPM Value
Total Estimated Expenditures	$ 81,023,025	

Notes

*Preliminary expenditures include non-DCF funded expenditures and do not include Special Projects. Historical expenditures have also been blended following the appropriate 70%/30% weighting for each base year.

**Preliminary PCPMs include non-DCF funded expenditures and have been trended forward using CPI assumption of 2.9%. PCPMs have been weighted for credibility and historical amounts have been blended following the appropriate 70%/30% weighting for each base year.

Community Partnership for Children

CBC Name:	**Community Partnership for Children**
Contract Number:	**NJ210**
Program Year:	SFY 2025

Table 1: Expenditure Summary by Tier			
	SFY 2023	**SFY 2024**	**SFY 2025 Estimate**
Tier 1	$ 19,863,308	$ 21,494,898	$ 22,514,674
Tier 2	34,519,142	39,278,643	38,202,925
Total	$ 54,382,451	$ 60,773,541	$ 60,717,599
Base Year Weighting	30%	70%	

Table 2: Rate Buildup by Tier		
Tier 1	**SFY 2025 Buildup**	**Notes**
Preliminary Expenditures*	$ 21,377,741	
Add: Housing Growth Adjustment	1,679	Housing growth attributed to 0.1% average inflation assumption; however, expenditure-based weighting is minimal at 7.5%.
Add: Wage Growth Adjustment	1,121,339	Wage growth attributed to 4.5% average inflation assumption, which serves as the driver of rate buildup at 90.8%.
Add: CPI Adjustment	13,916	CPI growth attributed to 2.9% CPI assumption; however, expenditure-based weighting is minimal at 1.7%.
Total Tier 1 Expenditures	$ 22,514,674	
Tier 2		
Credible Weighting Factor	83%	Credibility weighting factor is <100% as child months are below 50,504; blended the CBC individual rate with the adjusted statewide average.
Trended PCPM (CBC data only)	$ 968	2.9% trend applied to SFY 2024 actual PCPM; excluding statewide average.
Difference between CBC data and SW adjusted	(45)	Above average costs compared to statewide.
Preliminary PCPM (including SW)**	$ 924	2.9% trend applied and credibility weighted with statewide average.
Add: Age/Sex Adjustment PCPM	2	Slightly higher risk profile in SFY 24 vs. 23 and SW correlating to 1.002 risk score.
Add: Geographic Adjustment PCPM	(10)	Adjustment applied to statewide average expenditure due to non-credible expenditure data, and relative lower expenditures.
Add: Behavioral Health Adjustment PCPM	(1)	AHCA behavioral risk factor of 0.99 applied with 25% phase in.
Final PCPM	$ 915.17	Rounded to two decimal points
Program Year Projected Child Months (#)	41,744	
Total Tier 2 Expenditures	$ 38,202,925	Calculated with exact PCPM Value
Total Estimated Expenditures	$ 60,717,599	

Notes

*Preliminary expenditures include non-DCF funded expenditures and do not include Special Projects. Historical expenditures have also been blended following the appropriate 70%/30% weighting for each base year.

**Preliminary PCPMs include non-DCF funded expenditures and have been trended forward using CPI assumption of 2.9%. PCPMs have been weighted for credibility and historical amounts have been blended following the appropriate 70%/30% weighting for each base year.

Family Support Services of North Florida

CBC Name:	Family Support Services of North Florida, Inc.
Contract Number:	DJ038
Program Year:	SFY 2025

Table 1: Expenditure Summary by Tier			
	SFY 2023	SFY 2024	SFY 2025 Estimate
Tier 1	$ 27,011,305	$ 30,979,909	$ 33,240,852
Tier 2	49,458,001	49,579,613	54,469,552
Total	$ 76,469,306	$ 80,559,521	$ 87,710,404
Base Year Weighting	30%	70%	

Table 2: Rate Buildup by Tier		
Tier 1	**SFY 2025 Buildup**	**Notes**
Preliminary Expenditures*	$ 30,962,209	
Add: Housing Growth Adjustment	852	Housing growth attributed to 0.1% average inflation assumption; however, expenditure-based weighting is minimal at 2.8%.
Add: Wage Growth Adjustment	2,250,737	Wage growth attributed to 6% average inflation assumption, which serves as the driver of rate buildup at 94.8%.
Add: CPI Adjustment	27,054	CPI growth attributed to 2.9% CPI assumption; however, expenditure-based weighting is minimal at 2.4%.
Total Tier 1 Expenditures	$ 33,240,852	
Tier 2		
Credible Weighting Factor	100%	Credibility weighting factor of 100% as child months exceed 50,504.
Trended PCPM (CBC data only)	$ 822	2.9% trend applied to SFY 2024 actual PCPM; excluding statewide average.
Difference between CBC data and SW adjusted	60	Below average costs compared to statewide.
Preliminary PCPM**	$ 881	2.9% trend applied to base year weighted expenditures.
Add: Age/Sex Adjustment PCPM	(4)	Slightly lower risk profile in SFY 24 vs. 23 correlating to 0.996 risk score.
Add: Geographic Adjustment PCPM	-	No adjustment applied due to credible expenditure data.
Add: Behavioral Health Adjustment PCPM	-	No adjustment applied due to credible expenditure data.
Final PCPM	$ 877.21	Rounded to two decimal points
Program Year Projected Child Months (#)	62,094	
Total Tier 2 Expenditures	$ 54,469,552	Calculated with exact PCPM Value
Total Estimated Expenditures	$ 87,710,404	

Notes

*Preliminary expenditures include non-DCF funded expenditures and do not include Special Projects. Historical expenditures have also been blended following the appropriate 70%/30% weighting for each base year.

**Preliminary PCPMs include non-DCF funded expenditures and have been trended forward using CPI assumption of 2.9%. PCPMs have been weighted for credibility and historical amounts have been blended following the appropriate 70%/30% weighting for each base year.

Kids First of Florida

CBC Name:	Kids First of Florida
Contract Number:	DJ039
Program Year:	SFY 2025

Table 1: Expenditure Summary by Tier			
	SFY 2023	SFY 2024	SFY 2025 Estimate
Tier 1	$ 5,722,292	$ 5,384,975	$ 5,764,300
Tier 2	7,362,121	7,777,088	9,097,980
Total	$ **13,084,413**	$ **13,162,064**	$ **14,862,281**
Base Year Weighting	30%	70%	

Table 2: Rate Buildup by Tier		
Tier 1	**SFY 2025 Buildup**	**Notes**
Preliminary Expenditures*	$ 5,502,025	
Add: Housing Growth Adjustment	1,238	Housing growth attributed to 0.3% average inflation assumption; however, expenditure-based weighting is minimal at 4.8%.
Add: Wage Growth Adjustment	235,116	Wage growth attributed to 3.9% average inflation assumption, which serves as the driver of rate buildup at 83.1%.
Add: CPI Adjustment	25,921	CPI growth attributed to 2.9% CPI assumption; however, expenditure-based weighting is minimal at 12.2%.
Total Tier 1 Expenditures	$ **5,764,300**	
Tier 2		
Credible Weighting Factor	24%	Credibility weighting factor is <100% as child months are below 50,504; blended the CBC individual rate with the adjusted statewide average.
Trended PCPM (CBC data only)	$ 670	2.9% trend applied to SFY 2024 actual PCPM; excluding statewide average.
Difference between CBC data and SW adjusted	80	Below average costs compared to statewide.
Preliminary PCPM (including SW)**	$ 750	2.9% trend applied and credibility weighted with statewide average.
Add: Age/Sex Adjustment PCPM	10	Slightly higher risk profile in SFY 24 vs. 23 and SW correlating to 1.014 risk score.
Add: Geographic Adjustment PCPM	(29)	Adjustment applied to statewide average expenditure due to non-credible expenditure data, and relative lower expenditures.
Add: Behavioral Health Adjustment PCPM	30	AHCA behavioral risk factor of 1.05 applied with 25% phase in.
Final PCPM	$ **761.85**	Rounded to two decimal points
Program Year Projected Child Months (#)	11,942	
Total Tier 2 Expenditures	$ **9,097,980**	Calculated with exact PCPM Value
Total Estimated Expenditures	$ **14,862,281**	

Notes

*Preliminary expenditures include non-DCF funded expenditures and do not include Special Projects. Historical expenditures have also been blended following the appropriate 70%/30% weighting for each base year.

**Preliminary PCPMs include non-DCF funded expenditures and have been trended forward using CPI assumption of 2.9%. PCPMs have been weighted for credibility and historical amounts have been blended following the appropriate 70%/30% weighting for each base year.

Partnership for Strong Families

CBC Name:	Partnership for Strong Families
Contract Number:	CJ149
Program Year:	SFY 2025

Table 1: Expenditure Summary by Tier			
	SFY 2023	SFY 2024	SFY 2025 Estimate
Tier 1	$ 24,159,794	$ 21,339,832	$ 24,054,925
Tier 2	27,936,719	30,885,489	31,786,398
Total	**$ 52,096,513**	**$ 52,225,321**	**$ 55,841,323**
Base Year Weighting	30%	70%	

Table 2: Rate Buildup by Tier		
Tier 1	**SFY 2025 Buildup**	**Notes**
Preliminary Expenditures*	$ 22,581,335	
Add: Housing Growth Adjustment	29,804	Housing growth attributed to 2.7% average inflation assumption; however, expenditure-based weighting is minimal at 3.7%.
Add: Wage Growth Adjustment	1,402,492	Wage growth attributed to 5% average inflation assumption, which serves as the driver of rate buildup at 91.6%.
Add: CPI Adjustment	41,294	CPI growth attributed to 2.9% CPI assumption; however, expenditure-based weighting is minimal at 4.7%.
Total Tier 1 Expenditures	**$ 24,054,925**	
Tier 2		
Credible Weighting Factor	88%	Credibility weighting factor is <100% as child months are below 50,504; blended the CBC individual rate with the adjusted statewide average.
Trended PCPM (CBC data only)	$ 717	2.9% trend applied to SFY 2024 actual PCPM; excluding statewide average.
Difference between CBC data and SW adjusted	15	Below average costs compared to statewide.
Preliminary PCPM (including SW)**	$ 732	2.9% trend applied and credibility weighted with statewide average.
Add: Age/Sex Adjustment PCPM	0	Slightly higher risk profile in SFY 24 vs. 23 and SW correlating to 1 risk score.
Add: Geographic Adjustment PCPM	(14)	Adjustment applied to statewide average expenditure due to non-credible expenditure data, and relative lower expenditures.
Add: Behavioral Health Adjustment PCPM	(1)	AHCA behavioral risk factor of 0.99 applied with 25% phase in.
Final PCPM	**$ 716.88**	Rounded to two decimal points
Program Year Projected Child Months (#)	44,340	
Total Tier 2 Expenditures	**$ 31,786,398**	Calculated with exact PCPM Value
Total Estimated Expenditures	**$ 55,841,323**	

Notes

*Preliminary expenditures include non-DCF funded expenditures and do not include Special Projects. Historical expenditures have also been blended following the appropriate 70%/30% weighting for each base year.

**Preliminary PCPMs include non-DCF funded expenditures and have been trended forward using CPI assumption of 2.9%. PCPMs have been weighted for credibility and historical amounts have been blended following the appropriate 70%/30% weighting for each base year.

St. John's Board of County Commissioners

CBC Name:	St. John's Board of County Commissioners
Contract Number:	NJ206
Program Year:	SFY 2025

Table 1: Expenditure Summary by Tier			
	SFY 2023	SFY 2024	SFY 2025 Estimate
Tier 1	$ 4,046,171	$ 4,396,533	$ 4,611,365
Tier 2	3,995,805	4,828,471	5,190,520
Total	$ 8,041,976	$ 9,225,004	$ 9,801,886
Base Year Weighting	30%	70%	

Table 2: Rate Buildup by Tier		
Tier 1	SFY 2025 Buildup	Notes
Preliminary Expenditures*	$ 4,291,424	
Add: Housing Growth Adjustment	-	No adjustment applied due to lower average housing costs, and expenditure-based weighting is minimal at 1.4%.
Add: Wage Growth Adjustment	313,237	Wage growth attributed to 6% average inflation assumption, which serves as the driver of rate buildup at 94.4%.
Add: CPI Adjustment	6,704	CPI growth attributed to 2.9% CPI assumption; however, expenditure-based weighting is minimal at 4.2%.
Total Tier 1 Expenditures	$ 4,611,365	
Tier 2		
Credible Weighting Factor	12%	Credibility weighting factor is <100% as child months are below 50,504; blended the CBC individual rate with the adjusted statewide average.
Trended PCPM (CBC data only)	$ 796	2.9% trend applied to SFY 2024 actual PCPM; excluding statewide average.
Difference between CBC data and SW adjusted	(33)	Above average costs compared to statewide.
Preliminary PCPM (including SW)**	$ 764	2.9% trend applied and credibility weighted with statewide average.
Add: Age/Sex Adjustment PCPM	14	Slightly higher risk profile in SFY 24 vs. 23 and SW correlating to 1.018 risk score.
Add: Geographic Adjustment PCPM	116	Adjustment applied to statewide average expenditure due to non-credible expenditure data, and relative higher expenditures.
Add: Behavioral Health Adjustment PCPM	(61)	AHCA behavioral risk factor of 0.92 applied with 25% phase in.
Final PCPM	$ 832.08	Rounded to two decimal points
Program Year Projected Child Months (#)	6,238	
Total Tier 2 Expenditures	$ 5,190,520	Calculated with exact PCPM Value
Total Estimated Expenditures	$ 9,801,886	

Notes

*Preliminary expenditures include non-DCF funded expenditures and do not include Special Projects. Historical expenditures have also been blended following the appropriate 70%/30% weighting for each base year.

**Preliminary PCPMs include non-DCF funded expenditures and have been trended forward using CPI assumption of 2.9%. PCPMs have been weighted for credibility and historical amounts have been blended following the appropriate 70%/30% weighting for each base year.

Northwest Florida Health Network – East

CBC Name:	Northwest Florida Health Network - East
Contract Number:	BJ102
Program Year:	SFY 2025

Table 1: Expenditure Summary by Tier			
	SFY 2023	SFY 2024	SFY 2025 Estimate
Tier 1	$ 26,169,354	$ 26,704,376	$ 31,265,340
Tier 2	27,209,866	30,290,041	33,304,362
Total	**$ 53,379,221**	**$ 56,994,418**	**$ 64,569,702**
Base Year Weighting	30%	70%	

Table 2: Rate Buildup by Tier		
Tier 1	**SFY 2025 Buildup**	**Notes**
Preliminary Expenditures*	$ 28,950,330	
Add: Housing Growth Adjustment	24,437	Housing growth attributed to 1.2% average inflation assumption; however, expenditure-based weighting is minimal at 6.1%.
Add: Wage Growth Adjustment	2,238,073	Wage growth attributed to 6.6% average inflation assumption, which serves as the driver of rate buildup at 88.9%.
Add: CPI Adjustment	52,501	CPI growth attributed to 2.9% CPI assumption; however, expenditure-based weighting is minimal at 5%.
Total Tier 1 Expenditures	**$ 31,265,340**	
Tier 2		
Credible Weighting Factor	85%	Credibility weighting factor is <100% as child months are below 50,504; blended the CBC individual rate with the adjusted statewide average.
Trended PCPM (CBC data only)	$ 727	2.9% trend applied to SFY 2024 actual PCPM; excluding statewide average.
Difference between CBC data and SW adjusted	75	Below average costs compared to statewide.
Preliminary PCPM (including SW)**	$ 802	2.9% trend applied and credibility weighted with statewide average.
Add: Age/Sex Adjustment PCPM	(3)	Slightly lower risk profile in SFY 24 vs. 23 and SW correlating to 0.996 risk score.
Add: Geographic Adjustment PCPM	(17)	Adjustment applied to statewide average expenditure due to non-credible expenditure data, and relative lower expenditures.
Add: Behavioral Health Adjustment PCPM	(5)	AHCA behavioral risk factor of 0.96 applied with 25% phase in.
Final PCPM	**$ 777.00**	Rounded to two decimal points
Program Year Projected Child Months (#)	42,863	
Total Tier 2 Expenditures	**$ 33,304,362**	Calculated with exact PCPM Value
Total Estimated Expenditures	**$ 64,569,702**	

Notes

*Preliminary expenditures include non-DCF funded expenditures and do not include Special Projects. Historical expenditures have also been blended following the appropriate 70%/30% weighting for each base year.

**Preliminary PCPMs include non-DCF funded expenditures and have been trended forward using CPI assumption of 2.9%. PCPMs have been weighted for credibility and historical amounts have been blended following the appropriate 70%/30% weighting for each base year.

Northwest Florida Health Network – West

CBC Name:	**Northwest Florida Health Network - West**
Contract Number:	**AJ500**
Program Year:	SFY 2025

Table 1: Expenditure Summary by Tier			
	SFY 2023	**SFY 2024**	**SFY 2025 Estimate**
Tier 1	$ 38,955,854	$ 37,112,606	$ 39,198,841
Tier 2	39,409,052	43,656,938	44,189,213
Total	$ 78,364,906	$ 80,769,545	$ 83,388,054
Base Year Weighting	30%	70%	

Table 2: Rate Buildup by Tier		
Tier 1	**SFY 2025 Buildup**	**Notes**
Preliminary Expenditures*	$ 37,665,581	
Add: Housing Growth Adjustment	89	Housing growth attributed to 0.1% average inflation assumption; however, expenditure-based weighting is minimal at 0.4%.
Add: Wage Growth Adjustment	1,467,665	Wage growth attributed to 3.1% average inflation assumption, which serves as the driver of rate buildup at 95%.
Add: CPI Adjustment	65,507	CPI growth attributed to 2.9% CPI assumption; however, expenditure-based weighting is minimal at 4.6%.
Total Tier 1 Expenditures	$ 39,198,841	
Tier 2		
Credible Weighting Factor	100%	Credibility weighting factor of 100% as child months exceed 50,504.
Trended PCPM (CBC data only)	$ 718	2.9% trend applied to SFY 2024 actual PCPM; excluding statewide average.
Difference between CBC data and SW adjusted	(11)	Above average costs compared to statewide.
Preliminary PCPM**	$ 706	2.9% trend applied to base year weighted expenditures.
Add: Age/Sex Adjustment PCPM	(1)	Slightly lower risk profile in SFY 24 vs. 23 correlating to 0.999 risk score.
Add: Geographic Adjustment PCPM	-	No adjustment applied due to credible expenditure data.
Add: Behavioral Health Adjustment PCPM	-	No adjustment applied due to credible expenditure data.
Final PCPM	$ 705.82	Rounded to two decimal points
Program Year Projected Child Months (#)	62,607	
Total Tier 2 Expenditures	$ 44,189,213	Calculated with exact PCPM Value
Total Estimated Expenditures	$ 83,388,054	

Notes

*Preliminary expenditures include non-DCF funded expenditures and do not include Special Projects. Historical expenditures have also been blended following the appropriate 70%/30% weighting for each base year.

**Preliminary PCPMs include non-DCF funded expenditures and have been trended forward using CPI assumption of 2.9%. PCPMs have been weighted for credibility and historical amounts have been blended following the appropriate 70%/30% weighting for each base year.

ChildNet – Broward

CBC Name:	**ChildNet Broward**
Contract Number:	**JJ217**
Program Year:	SFY 2025

Table 1: Expenditure Summary by Tier			
	SFY 2023	**SFY 2024**	**SFY 2025 Estimate**
Tier 1	$ 33,518,263	$ 33,013,293	$ 35,228,141
Tier 2	64,155,418	63,989,113	64,941,102
Total	$ 97,673,680	$ 97,002,406	$ 100,169,243
Base Year Weighting	70%	30%	

Table 2: Rate Buildup by Tier		
Tier 1	**SFY 2025 Buildup**	**Notes**
Preliminary Expenditures*	$ 33,366,772	
Add: Housing Growth Adjustment	114,466	Housing growth attributed to 3.1% average inflation assumption; however, expenditure-based weighting is minimal at 5.7%.
Add: Wage Growth Adjustment	1,688,462	Wage growth attributed to 3.2% average inflation assumption, which serves as the driver of rate buildup at 91%.
Add: CPI Adjustment	58,441	CPI growth attributed to 2.9% CPI assumption; however, expenditure-based weighting is minimal at 3.3%.
Total Tier 1 Expenditures	$ 35,228,141	
Tier 2		
Credible Weighting Factor	100%	Credibility weighting factor of 100% as child months exceed 50,504.
Trended PCPM (CBC data only)	$ 1,202	2.9% trend applied to SFY 2024 actual PCPM; excluding statewide average.
Difference between CBC data and SW adjusted	(27)	Above average costs compared to statewide.
Preliminary PCPM**	$ 1,175	2.9% trend applied to base year weighted expenditures.
Add: Age/Sex Adjustment PCPM	11	Slightly higher risk profile in SFY 24 vs. 23 correlating to 1.01 risk score.
Add: Geographic Adjustment PCPM	-	No adjustment applied due to credible expenditure data.
Add: Behavioral Health Adjustment PCPM	-	No adjustment applied due to credible expenditure data.
Final PCPM	$ 1,185.75	Rounded to two decimal points
Program Year Projected Child Months (#)	54,768	
Total Tier 2 Expenditures	$ 64,941,102	Calculated with exact PCPM Value
Total Estimated Expenditures	$ 100,169,243	

Notes

*Preliminary expenditures include non-DCF funded expenditures and do not include Special Projects. Historical expenditures have also been blended following the appropriate 70%/30% weighting for each base year.

**Preliminary PCPMs include non-DCF funded expenditures and have been trended forward using CPI assumption of 2.9%. PCPMs have been weighted for credibility and historical amounts have been blended following the appropriate 70%/30% weighting for each base year.

ChildNet – Palm Beach

CBC Name:	**ChildNet Palm Beach**
Contract Number:	**IJ706**
Program Year:	SFY 2025

Table 1: Expenditure Summary by Tier			
	SFY 2023	**SFY 2024**	**SFY 2025 Estimate**
Tier 1	$ 18,495,081	$ 18,314,708	$ 19,119,575
Tier 2	41,515,255	43,507,031	45,498,967
Total	**$ 60,010,336**	**$ 61,821,739**	**$ 64,618,542**
Base Year Weighting	30%	70%	

Table 2: Rate Buildup by Tier		
Tier 1	**SFY 2025 Buildup**	**Notes**
Preliminary Expenditures*	$ 18,368,820	
Add: Housing Growth Adjustment	27,048	Housing growth attributed to 1.8% average inflation assumption; however, expenditure-based weighting is minimal at 6.4%.
Add: Wage Growth Adjustment	701,571	Wage growth attributed to 3.2% average inflation assumption, which serves as the driver of rate buildup at 90.5%.
Add: CPI Adjustment	22,137	CPI growth attributed to 2.9% CPI assumption; however, expenditure-based weighting is minimal at 3.2%.
Total Tier 1 Expenditures	**$ 19,119,575**	
Tier 2		
Credible Weighting Factor	84%	Credibility weighting factor is <100% as child months are below 50,504; blended the CBC individual rate with the adjusted statewide average.
Trended PCPM (CBC data only)	$ 1,059	2.9% trend applied to SFY 2024 actual PCPM; excluding statewide average.
Difference between CBC data and SW adjusted	(19)	Above average costs compared to statewide.
Preliminary PCPM (including SW)**	$ 1,040	2.9% trend applied and credibility weighted with statewide average.
Add: Age/Sex Adjustment PCPM	2	Slightly higher risk profile in SFY 24 vs. 23 and SW correlating to 1.002 risk score.
Add: Geographic Adjustment PCPM	22	Adjustment applied to statewide average expenditure due to non-credible expenditure data, and relative higher expenditures.
Add: Behavioral Health Adjustment PCPM	12	AHCA behavioral risk factor of 1.07 applied with 25% phase in.
Final PCPM	**$ 1,075.88**	Rounded to two decimal points
Program Year Projected Child Months (#)	42,290	
Total Tier 2 Expenditures	**$ 45,498,967**	Calculated with exact PCPM Value
Total Estimated Expenditures	**$ 64,618,542**	

Notes

*Preliminary expenditures include non-DCF funded expenditures and do not include Special Projects. Historical expenditures have also been blended following the appropriate 70%/30% weighting for each base year.

**Preliminary PCPMs include non-DCF funded expenditures and have been trended forward using CPI assumption of 2.9%. PCPMs have been weighted for credibility and historical amounts have been blended following the appropriate 70%/30% weighting for each base year.

Communities Connected for Kids

CBC Name:	**Communities Connected for Kids**
Contract Number:	**ZJK85**
Program Year:	SFY 2025

Table 1: Expenditure Summary by Tier			
	SFY 2023	**SFY 2024**	**SFY 2025 Estimate**
Tier 1	$ 17,091,106	$ 17,044,212	$ 18,233,828
Tier 2	23,574,229	24,222,026	26,251,914
Total	$ 40,665,334	$ 41,266,239	$ 44,485,741
Base Year Weighting	30%	70%	

Table 2: Rate Buildup by Tier		
Tier 1	**SFY 2025 Buildup**	**Notes**
Preliminary Expenditures*	$ 17,058,280	
Add: Housing Growth Adjustment	12,694	Housing growth attributed to 0.8% average inflation assumption; however, expenditure-based weighting is minimal at 7.3%.
Add: Wage Growth Adjustment	1,152,483	Wage growth attributed to 5.6% average inflation assumption, which serves as the driver of rate buildup at 91.1%.
Add: CPI Adjustment	10,370	CPI growth attributed to 2.9% CPI assumption; however, expenditure-based weighting is minimal at 1.6%.
Total Tier 1 Expenditures	$ 18,233,828	
Tier 2		
Credible Weighting Factor	64%	Credibility weighting factor is <100% as child months are below 50,504; blended the CBC individual rate with the adjusted statewide average.
Trended PCPM (CBC data only)	$ 774	2.9% trend applied to SFY 2024 actual PCPM; excluding statewide average.
Difference between CBC data and SW adjusted	35	Below average costs compared to statewide.
Preliminary PCPM (including SW)**	$ 809	2.9% trend applied and credibility weighted with statewide average.
Add: Age/Sex Adjustment PCPM	(4)	Slightly lower risk profile in SFY 24 vs. 23 and SW correlating to 0.996 risk score.
Add: Geographic Adjustment PCPM	7	Adjustment applied to statewide average expenditure due to non-credible expenditure data, and relative higher expenditures.
Add: Behavioral Health Adjustment PCPM	3	AHCA behavioral risk factor of 1.01 applied with 25% phase in.
Final PCPM	$ 815.68	Rounded to two decimal points
Program Year Projected Child Months (#)	32,184	
Total Tier 2 Expenditures	$ 26,251,914	Calculated with exact PCPM Value
Total Estimated Expenditures	$ 44,485,741	

Notes

*Preliminary expenditures include non-DCF funded expenditures and do not include Special Projects. Historical expenditures have also been blended following the appropriate 70%/30% weighting for each base year.

**Preliminary PCPMs include non-DCF funded expenditures and have been trended forward using CPI assumption of 2.9%. PCPMs have been weighted for credibility and historical amounts have been blended following the appropriate 70%/30% weighting for each base year.

Citrus Family Care Network

CBC Name:	**Citrus Family Care Network**
Contract Number:	**KJ138**
Program Year:	SFY 2025

Table 1: Expenditure Summary by Tier			
	SFY 2023	SFY 2024	SFY 2025 Estimate
Tier 1	$ 62,007,795	$ 62,952,382	$ 65,897,811
Tier 2	62,423,975	61,585,203	65,166,874
Total	$ 124,431,770	$ 124,537,586	$ 131,064,685
Base Year Weighting	30%	70%	

Table 2: Rate Buildup by Tier		
Tier 1	**SFY 2025 Buildup**	**Notes**
Preliminary Expenditures*	$ 63,201,772	
Add: Housing Growth Adjustment	68,435	Housing growth attributed to 5.2% average inflation assumption; however, expenditure-based weighting is minimal at 1.6%.
Add: Wage Growth Adjustment	2,570,298	Wage growth attributed to 3.2% average inflation assumption, which serves as the driver of rate buildup at 96%.
Add: CPI Adjustment	57,306	CPI growth attributed to 2.9% CPI assumption; however, expenditure-based weighting is minimal at 2.4%.
Total Tier 1 Expenditures	$ 65,897,811	
Tier 2		
Credible Weighting Factor	100%	Credibility weighting factor of 100% as child months exceed 50,504.
Trended PCPM (CBC data only)	$ 971	2.9% trend applied to SFY 2024 actual PCPM; excluding statewide average.
Difference between CBC data and SW adjusted	32	Below average costs compared to statewide.
Preliminary PCPM**	$ 1,003	2.9% trend applied to base year weighted expenditures.
Add: Age/Sex Adjustment PCPM	(4)	Slightly lower risk profile in SFY 24 vs. 23 correlating to 0.996 risk score.
Add: Geographic Adjustment PCPM	-	No adjustment applied due to credible expenditure data.
Add: Behavioral Health Adjustment PCPM	-	No adjustment applied due to credible expenditure data.
Final PCPM	$ 998.62	Rounded to two decimal points
Program Year Projected Child Months (#)	65,257	
Total Tier 2 Expenditures	$ 65,166,874	Calculated with exact PCPM Value
Total Estimated Expenditures	$ 131,064,685	

Notes

*Preliminary expenditures include non-DCF funded expenditures and do not include Special Projects. Historical expenditures have also been blended following the appropriate 70%/30% weighting for each base year.

**Preliminary PCPMs include non-DCF funded expenditures and have been trended forward using CPI assumption of 2.9%. PCPMs have been weighted for credibility and historical amounts have been blended following the appropriate 70%/30% weighting for each base year.

Children's Network of Hillsborough

CBC Name:	**Children's Network of Hillsborough, LLC**
Contract Number:	**QJ015**
Program Year:	SFY 2025

Table 1: Expenditure Summary by Tier					
	SFY 2023		SFY 2024		SFY 2025 Estimate
Tier 1	$	44,957,897	$	42,339,575	$ 46,040,717
Tier 2		60,405,463		66,923,088	69,294,832
Total	$	105,363,360	$	109,262,663	$ 115,335,549
Base Year Weighting		30%		70%	

Table 2: Rate Buildup by Tier		
Tier 1	SFY 2025 Buildup	Notes
Preliminary Expenditures*	$ 44,029,533	
Add: Housing Growth Adjustment	5,336	Housing growth attributed to 0.8% average inflation assumption; however, expenditure-based weighting is minimal at 1.2%.
Add: Wage Growth Adjustment	1,962,688	Wage growth attributed to 3.5% average inflation assumption, which serves as the driver of rate buildup at 96.2%.
Add: CPI Adjustment	43,160	CPI growth attributed to 2.9% CPI assumption; however, expenditure-based weighting is minimal at 2.6%.
Total Tier 1 Expenditures	$ 46,040,717	
Tier 2		
Credible Weighting Factor	100%	Credibility weighting factor of 100% as child months exceed 50,504.
Trended PCPM (CBC data only)	$ 895	2.9% trend applied to SFY 2024 actual PCPM; excluding statewide average.
Difference between CBC data and SW adjusted	3	Below average costs compared to statewide.
Preliminary PCPM**	$ 897	2.9% trend applied to base year weighted expenditures.
Add: Age/Sex Adjustment PCPM	3	Slightly higher risk profile in SFY 24 vs. 23 correlating to 1.003 risk score.
Add: Geographic Adjustment PCPM	-	No adjustment applied due to credible expenditure data.
Add: Behavioral Health Adjustment PCPM	-	No adjustment applied due to credible expenditure data.
Final PCPM	$ 900.14	Rounded to two decimal points
Program Year Projected Child Months (#)	76,982	
Total Tier 2 Expenditures	$ 69,294,832	Calculated with exact PCPM Value
Total Estimated Expenditures	$ 115,335,549	

Notes

*Preliminary expenditures include non-DCF funded expenditures and do not include Special Projects. Historical expenditures have also been blended following the appropriate 70%/30% weighting for each base year.

**Preliminary PCPMs include non-DCF funded expenditures and have been trended forward using CPI assumption of 2.9%. PCPMs have been weighted for credibility and historical amounts have been blended following the appropriate 70%/30% weighting for each base year.

Note: As discussed in Section 4.2 and Section 10, Children's Network of Hillsborough's Special Projects historical expenditures were not considered in the Cost Model. Special Projects funding is granted to the CBC who serves the Sixth Judicial Circuit, per the General Appropriations Act. As of the production of this report, Special Projects funding of $3.9 million should be considered in addition to estimates produced by the Cost Model for Children's Network of Hillsborough.

Children's Network of Southwest Florida

CBC Name:	**Children's Network of Southwest Florida**
Contract Number:	QJ016
Program Year:	SFY 2025

Table 1: Expenditure Summary by Tier			
	SFY 2023	**SFY 2024**	**SFY 2025 Estimate**
Tier 1	$ 32,449,231	$ 38,181,488	$ 39,395,543
Tier 2	31,847,563	35,217,091	36,349,250
Total	$ 64,296,793	$ 73,398,579	$ 75,744,793
Base Year Weighting	30%	70%	

Table 2: Rate Buildup by Tier		
Tier 1	**SFY 2025 Buildup**	**Notes**
Preliminary Expenditures*	$ 37,511,397	
Add: Housing Growth Adjustment	-	No adjustment applied due to lower average housing costs, and expenditure-based weighting is minimal at 6.3%.
Add: Wage Growth Adjustment	1,832,424	Wage growth attributed to 4.3% average inflation assumption, which serves as the driver of rate buildup at 90.1%.
Add: CPI Adjustment	51,723	CPI growth attributed to 2.9% CPI assumption; however, expenditure-based weighting is minimal at 3.7%.
Total Tier 1 Expenditures	$ 39,395,543	
Tier 2		
Credible Weighting Factor	99%	Credibility weighting factor is <100% as child months are below 50,504; blended the CBC individual rate with the adjusted statewide average.
Trended PCPM (CBC data only)	$ 722	2.9% trend applied to SFY 2024 actual PCPM; excluding statewide average.
Difference between CBC data and SW adjusted	3	Below average costs compared to statewide.
Preliminary PCPM (including SW)**	$ 725	2.9% trend applied and credibility weighted with statewide average.
Add: Age/Sex Adjustment PCPM	(2)	Slightly lower risk profile in SFY 24 vs. 23 and SW correlating to 0.998 risk score.
Add: Geographic Adjustment PCPM	0	Adjustment applied to statewide average expenditure due to non-credible expenditure data, and relative higher expenditures.
Add: Behavioral Health Adjustment PCPM	0	AHCA behavioral risk factor of 1.01 applied with 25% phase in.
Final PCPM	$ 723.86	Rounded to two decimal points
Program Year Projected Child Months (#)	50,216	
Total Tier 2 Expenditures	$ 36,349,250	Calculated with exact PCPM Value
Total Estimated Expenditures	$ 75,744,793	

Notes

*Preliminary expenditures include non-DCF funded expenditures and do not include Special Projects. Historical expenditures have also been blended following the appropriate 70%/30% weighting for each base year.

**Preliminary PCPMs include non-DCF funded expenditures and have been trended forward using CPI assumption of 2.9%. PCPMs have been weighted for credibility and historical amounts have been blended following the appropriate 70%/30% weighting for each base year.

Family Support Services of Suncoast

CBC Name:	Family Support Services of Suncoast, LLC
Contract Number:	QJ014
Program Year:	SFY 2025

Table 1: Expenditure Summary by Tier			
	SFY 2023	SFY 2024	SFY 2025 Estimate
Tier 1	$ 49,880,337	$ 50,381,189	$ 52,178,395
Tier 2	79,808,767	84,931,499	85,097,165
Total	$ 129,689,104	$ 135,312,688	$ 137,275,560
Base Year Weighting	30%	70%	

Table 2: Rate Buildup by Tier		
Tier 1	SFY 2025 Buildup	Notes
Preliminary Expenditures*	$ 49,971,205	
Add: Housing Growth Adjustment	9,428	Housing growth attributed to 0.5% average inflation assumption; however, expenditure-based weighting is minimal at 4%.
Add: Wage Growth Adjustment	2,166,239	Wage growth attributed to 3.5% average inflation assumption, which serves as the driver of rate buildup at 94.4%.
Add: CPI Adjustment	31,524	CPI growth attributed to 2.9% CPI assumption; however, expenditure-based weighting is minimal at 1.6%.
Total Tier 1 Expenditures	$ 52,178,395	
Tier 2		
Credible Weighting Factor	100%	Credibility weighting factor of 100% as child months exceed 50,504.
Trended PCPM (CBC data only)	$ 1,064	2.9% trend applied to SFY 2024 actual PCPM; excluding statewide average.
Difference between CBC data and SW adjusted	(29)	Above average costs compared to statewide.
Preliminary PCPM**	$ 1,035	2.9% trend applied to base year weighted expenditures.
Add: Age/Sex Adjustment PCPM	1	Slightly higher risk profile in SFY 24 vs. 23 correlating to 1.001 risk score.
Add: Geographic Adjustment PCPM	-	No adjustment applied due to credible expenditure data.
Add: Behavioral Health Adjustment PCPM	-	No adjustment applied due to credible expenditure data.
Final PCPM	$ 1,036.04	Rounded to two decimal points
Program Year Projected Child Months (#)	82,137	
Total Tier 2 Expenditures	$ 85,097,165	Calculated with exact PCPM Value
Total Estimated Expenditures	$ 137,275,560	

Notes

*Preliminary expenditures include non-DCF funded expenditures and do not include Special Projects. Historical expenditures have also been blended following the appropriate 70%/30% weighting for each base year.

**Preliminary PCPMs include non-DCF funded expenditures and have been trended forward using CPI assumption of 2.9%. PCPMs have been weighted for credibility and historical amounts have been blended following the appropriate 70%/30% weighting for each base year.

Note: As discussed in Section 4.2 and Section 10, Family Support Services of Suncoast's Special Projects historical expenditures were not considered in the Cost Model. Special Projects funding is granted to the CBC who serves the Thirteenth Judicial Circuit, per the General Appropriations Act. As of the production of this report, Special Projects funding of $4.4 million should be considered in addition to estimates produced by the Cost Model for Family Support Services of Suncoast.

Safe Children Coalition

CBC Name:	**Safe Children Coalition**
Contract Number:	**QJ013**
Program Year:	SFY 2025

Table 1: Expenditure Summary by Tier			
	SFY 2023	SFY 2024	SFY 2025 Estimate
Tier 1	$ 17,828,840	$ 18,339,785	$ 19,666,860
Tier 2	33,177,249	32,746,597	33,473,089
Total	**$ 51,006,089**	**$ 51,086,381**	**$ 53,139,949**
Base Year Weighting	30%	70%	

Table 2: Rate Buildup by Tier		
Tier 1	**SFY 2025 Buildup**	**Notes**
Preliminary Expenditures*	$ 18,868,998	
Add: Housing Growth Adjustment	-	No adjustment applied due to lower average housing costs, and expenditure-based weighting is minimal at 5.4%.
Add: Wage Growth Adjustment	772,327	Wage growth attributed to 3.4% average inflation assumption, which serves as the driver of rate buildup at 91.1%.
Add: CPI Adjustment	25,535	CPI growth attributed to 2.9% CPI assumption; however, expenditure-based weighting is minimal at 3.6%.
Total Tier 1 Expenditures	**$ 19,666,860**	
Tier 2		
Credible Weighting Factor	68%	Credibility weighting factor is <100% as child months are below 50,504; blended the CBC individual rate with the adjusted statewide average.
Trended PCPM (CBC data only)	$ 986	2.9% trend applied to SFY 2024 actual PCPM; excluding statewide average.
Difference between CBC data and SW adjusted	(32)	Above average costs compared to statewide.
Preliminary PCPM (including SW)**	$ 954	2.9% trend applied and credibility weighted with statewide average.
Add: Age/Sex Adjustment PCPM	2	Slightly higher risk profile in SFY 24 vs. 23 and SW correlating to 1.002 risk score.
Add: Geographic Adjustment PCPM	20	Adjustment applied to statewide average expenditure due to non-credible expenditure data, and relative higher expenditures.
Add: Behavioral Health Adjustment PCPM	3	AHCA behavioral risk factor of 1.01 applied with 25% phase in.
Final PCPM	**$ 979.29**	Rounded to two decimal points
Program Year Projected Child Months (#)	34,181	
Total Tier 2 Expenditures	**$ 33,473,089**	Calculated with exact PCPM Value
Total Estimated Expenditures	**$ 53,139,949**	

Notes

*Preliminary expenditures include non-DCF funded expenditures and do not include Special Projects. Historical expenditures have also been blended following the appropriate 70%/30% weighting for each base year.

**Preliminary PCPMs include non-DCF funded expenditures and have been trended forward using CPI assumption of 2.9%. PCPMs have been weighted for credibility and historical amounts have been blended following the appropriate 70%/30% weighting for each base year.

17. APPENDIX

17.1. Figure 7: CBC Lead Agency Map [29]
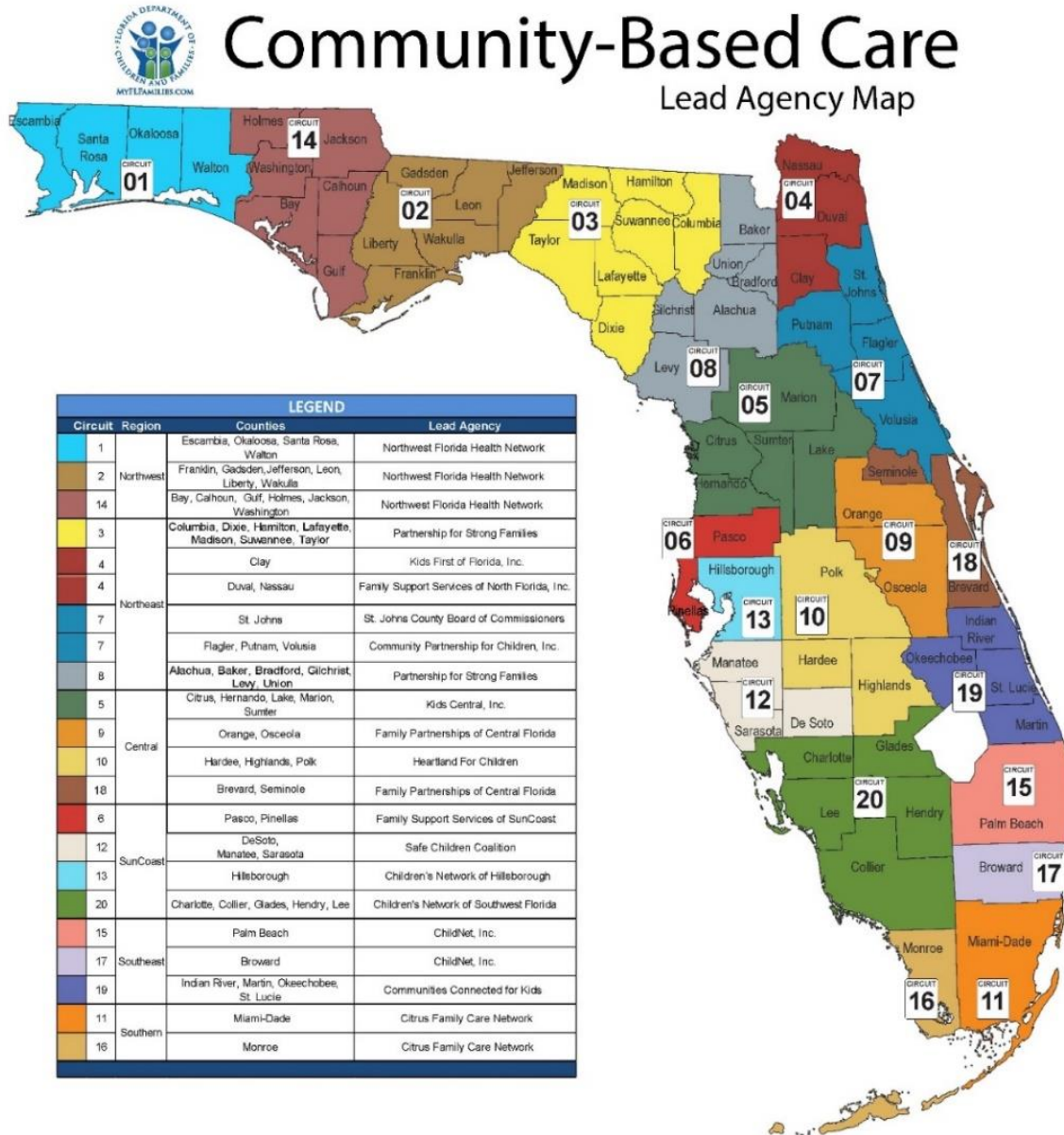
Community-Based Care Lead Agency Map

17.2. Table 9: List of CBCs for SFY 2025

	CBC Name
1	ChildNet Broward
2	ChildNet Palm Beach
3	Children's Network of Hillsborough, LLC
4	Children's Network of Southwest Florida
5	Citrus Family Care Network
6	Communities Connected for Kids
7	Community Partnership for Children
8	Family Partnerships of Central Florida
9	Family Support Services of North Florida, Inc.
10	Family Support Services of Suncoast, LLC
11	Heartland for Children
12	Kids Central Inc
13	Kids First of Florida
14	Northwest Florida Health Network - East
15	Northwest Florida Health Network - West
16	Partnership for Strong Families
17	Safe Children Coalition
18	St. John's Board of County Commissioners

17.3. Table 10: FSFN, Eligibility, and Demographics Data Fields

FSFN Data Fields	Eligibility Data Fields	Demographics Data Fields
Payment_Ledger_ID	TX_REGION	ID_PRSN
Payment_ID	TX_CIRCUIT	CD_GNDR
Id_Invoice	TX_AGENCY	CD_STAT
OCA_Number	TX_COUNTY	NM_UPR_LST
OCA_Description	ID_CASE	NM_FRST
OCA_Begin_Date	ID_PRSN	NM_LST
OCA_End_Date	NM_LST	NM_UPR_FRST
Disposition_Date	NM_FRST	CD_HSPNC
Case_ID	DT_BRTH	CD_CMBN_ETHN
Child_ID	AGE	CD_CTZN
Child_Name	TX_SERVICE	CD_STATE_RSDNT
Child_SSN	TX_CATEGORY	CD_CNTRY
Child_Date_of_Birth	TX_ELIGIBILITY	CD_LNG_PRFR
Fiscal_Agency_Code	DT_EFF	CD_TRNSL
Fiscal_Agency	TS_ETL	CD_MRTL_STAT
Payee_ID	DT_RPT	DT_BRTH
Payee_Name		ID_SSN
Current_Flag		TX_BRTH_PLC
IFC_OCA_Amount		FL_RESIDES_HM_HR
Insert_Timestamp		FL_TEEN_PRNT
Update_Timestamp		FL_ABANDONED
Transaction_Code		FL_ADPT
Transaction_Description		QT_AGE_ADPT
Payment_Status_Code		FL_MNTAL_RETARDATN
Service_Batch		FL_PHYS_DISABLED
Id_Batch_Release		FL_VIS_HEARING_IMPR
Service_Type		FL_EMOTION_DSTRBD
Case_County		FL_OTHR_SPC_CARE
Payment_Service_End_Date		FL_LRN_DISABILITY
		FL_PRGM
		FL_CLNC_DGNSD
		DT_BRTH_VRFY
		FL_RACE_AMERICAN
		FL_RACE_ASIAN
		FL_RACE_BLACK
		FL_RACE_HAWAIIAN
		FL_RACE_WHITE
		FL_RACE_UNBL_DTRMN

17.4. Table 11: Expenditure Report GL Input Data Fields

GL Input Data Fields	Definition
Date	Day, month, and year when the transaction occurred
Account Code	Unique code to identify a transaction within the accounting system
Contract Funding Code	Unique code to identify the CBC
FSFN Unique ID	Unique transaction ID to identify FSFN payments
Department Code	Code to identify which department the expense is tied to
Provider Code	Identifier for vendor or service provider of the expense
OCA Code	Description for Other Cost Accumulator to categorize costs based on agency guidance
OCA Abbreviation	5 Letter Abbreviation for Other Cost Accumulator to categorize costs based on agency guidance
Document Number	Reference number to document
Your Organization's GL Title	Name of the specific line item expense category from the CBCs' GL
Description of Transaction	Explanation or details of the transaction in the format: Company-Department-Account
Debit	Amount subtracted from the account per transaction
Credit	Amount added to the account per transaction
Other (Optional)	CBCs can add other fields from their GL if it will support their CBCs' GL crosswalk to the standardized DCF GL titles.

17.5. Table 12: DCF Standardized Taxonomy

GL Title - DCF	Cost Category - DCF	Tier - DCF
Equipment Rental Vehicle	Capital Expenses	Tier 1
Equipment	Capital Expenses	Tier 1
Interest General	Capital Expenses	Tier 1
Prop Equipment Depreciation	Capital Expenses	Tier 1
Property Rental General	Capital Expenses	Tier 1
Taxes	Capital Expenses	Tier 1
Fidelity Insurance	Non-Capital - Insurance Expense	Tier 1
Insurance Automobile	Non-Capital - Insurance Expense	Tier 1
Insurance General Liability	Non-Capital - Insurance Expense	Tier 1
Insurance IT	Non-Capital - Insurance Expense	Tier 1
Insurance Other	Non-Capital - Insurance Expense	Tier 1
Insurance Property	Non-Capital - Insurance Expense	Tier 1
Performance Bond Insurance	Non-Capital - Insurance Expense	Tier 1
Due General	Non-Capital - Other	Tier 1
Fines	Non-Capital - Other	Tier 1
Tuition Reimbursement	Non-Capital - Other	Tier 1
Accounting Auditing Services	Non-Capital - Purchased Services	Tier 1
Advertising/Recruiting	Non-Capital - Purchased Services	Tier 1
Advertising General	Non-Capital - Purchased Services	Tier 1
Advertising Marketing Research	Non-Capital - Purchased Services	Tier 1
Admin General	Non-Capital - Purchased Services	Tier 1
Coms Data Processing	Non-Capital - Purchased Services	Tier 1
Coms Telephone Cellular	Non-Capital - Purchased Services	Tier 1
Consulting Services General	Non-Capital - Purchased Services	Tier 1
Fees General for Service	Non-Capital - Purchased Services	Tier 1
Fingerprint Background - Admin	Non-Capital - Purchased Services	Tier 1
IT Svcs General	Non-Capital - Purchased Services	Tier 1
Legal Services - Admin	Non-Capital - Purchased Services	Tier 1
Printing Reproduction General	Non-Capital - Purchased Services	Tier 1
Recs Mgmt Disposition Svcs	Non-Capital - Purchased Services	Tier 1
Rep Maint Commdt Bldgs	Non-Capital - Purchased Services	Tier 1
Rep Maint Commdt Equip Tools	Non-Capital - Purchased Services	Tier 1
Rep Maint Commdt Vehicles	Non-Capital - Purchased Services	Tier 1
Training Services - General	Non-Capital - Purchased Services	Tier 1
Utilities Garbage Collection	Non-Capital - Purchased Services	Tier 1
Utilities General	Non-Capital - Purchased Services	Tier 1
Salaries and Benefits	Non-Capital - Salaries	Tier 1
Staff Travel & Mileage	Non-Capital - Salaries	Tier 1
Contracted - Primary Case Management	Non-Capital - Salaries	Tier 1
Adoption Case Management	Non-Capital - Salaries	Tier 1
Trvl in State Per Diem	Non-Capital - Supplies	Tier 1
Trvl In St Car Rent Fuel	Non-Capital - Supplies	Tier 1
Bedding Textile	Non-Capital - Supplies	Tier 1

Postage	Non-Capital - Supplies	Tier 1
Supplies Office Consumable	Non-Capital - Supplies	Tier 1
Adoption Subsidy	Adoption Services	Tier 2
Medical Subsidy	Adoption Services	Tier 2
Non-Recurring Adoption Exp	Adoption Services	Tier 2
Post-Placement Management Payments	Adoption Services	Tier 2
Client Assistance	Client Incidentals and Support	Tier 2
Client Food Expense	Client Incidentals and Support	Tier 2
Client Liability Insurance	Client Incidentals and Support	Tier 2
Client Personal Incidentals	Client Incidentals and Support	Tier 2
Client Supplies	Client Incidentals and Support	Tier 2
Client Training	Client Incidentals and Support	Tier 2
Client Travel	Client Incidentals and Support	Tier 2
Other Staff Travel-Tolls/Parking/Rental Vehicles	Client Incidentals and Support	Tier 2
Counseling	Counseling Services	Tier 2
Counseling-Anger Management	Counseling Services	Tier 2
Counseling-Child Parent Psychotherapy	Counseling Services	Tier 2
Counseling-Domestic Violence	Counseling Services	Tier 2
Counseling-Mental Health	Counseling Services	Tier 2
Counseling-Parenting Education	Counseling Services	Tier 2
Care Sbs Oth Vend Svcs Ind Liv	Direct Care	Tier 2
EFC Room and Board	Direct Care	Tier 2
Schooling	Educational Services	Tier 2
Tutoring Services	Educational Services	Tier 2
Guardianship Subsidy	Guardianship Services	Tier 2
Non-recurring Guardianship Expense	Guardianship Services	Tier 2
Drug Screening-NonEE	Health and Medical Expense	Tier 2
Background Screening-NonEE	Health and Medical Expense	Tier 2
Assessments	Health and Medical Expense	Tier 2
Assessments-BioPsychosocial Eval	Health and Medical Expense	Tier 2
Assessments-CBHA	Health and Medical Expense	Tier 2
Assessments-Indep Medical Eval	Health and Medical Expense	Tier 2
Assessments-Psychiatric Eval	Health and Medical Expense	Tier 2
Assessments-Psychological Eval	Health and Medical Expense	Tier 2
Behavior Analysis	Health and Medical Expense	Tier 2
Medical Services Dental	Health and Medical Expense	Tier 2
Medical Services Laboratory	Health and Medical Expense	Tier 2
Housing Support - IH	In-Home Services	Tier 2
Safety Management Services	In-Home Services	Tier 2
Respite - IH	In-Home Services	Tier 2
Immigration/Legal Services	Legal and Immigration Services	Tier 2
Childcare/Aftercare	Out-of-Home Care	Tier 2
Housing Support - OOH	Out-of-Home Care	Tier 2
Caregiver Support - Foster Parent	Out-of-Home Care	Tier 2
Child Care Subsidy	Out-of-Home Care	Tier 2
Clothing	Out-of-Home Care	Tier 2

Contracted-One on One Supervision	Out-of-Home Care	Tier 2
Family Finders	Out-of-Home Care	Tier 2
Fingerprinting/Background Screening-NonEE	Out-of-Home Care	Tier 2
Group Home Management - Other	Out-of-Home Care	Tier 2
Foster Home Management - Other	Out-of-Home Care	Tier 2
Foster Home Recruitment	Out-of-Home Care	Tier 2
Foster Navigation	Out-of-Home Care	Tier 2
Home Studies	Out-of-Home Care	Tier 2
Kinship Navigation	Out-of-Home Care	Tier 2
Level I Placement Payment	Out-of-Home Care	Tier 2
Placement Payment	Out-of-Home Care	Tier 2
Residential Group/Shelter Placement Payment	Out-of-Home Care	Tier 2
Respite - OOH	Out-of-Home Care	Tier 2
Reunification Services	Out-of-Home Care	Tier 2
Room and Board	Out-of-Home Care	Tier 2
Specified Setting Payment	Out-of-Home Care	Tier 2
Family Support Services	Prevention Services	Tier 2
FFPSA Non-State Well-Supported Program	Prevention Services	Tier 2
FFPSA Well-Supported Program	Prevention Services	Tier 2
Florida Foster Care Information Center	Prevention Services	Tier 2
One-Time Evidence-Based Prevention Services	Prevention Services	Tier 2
Diversion Services	Prevention Services	Tier 2
Contracted-Assessment and Stabilization	Support Services	Tier 2
Contracted-Supervised Visitation Services	Support Services	Tier 2
Contracted-Targeted Case Management	Support Services	Tier 2
Translation Services	Support Services	Tier 2
Contracted - General	Support Services	Tier 2
Covid-19	Miscellaneous	Tier 2
Grants and Subsidies	Miscellaneous	Tier 2
Miscellaneous	Miscellaneous	Tier 2
N/A - Non DCF Reimbursable	Out of Scope	Out of Scope

17.6. Assumption Study Results

17.6.1. Age/Sex Assumption Study Results

Figure 8: Age/Sex Assumption Study Results among Males:
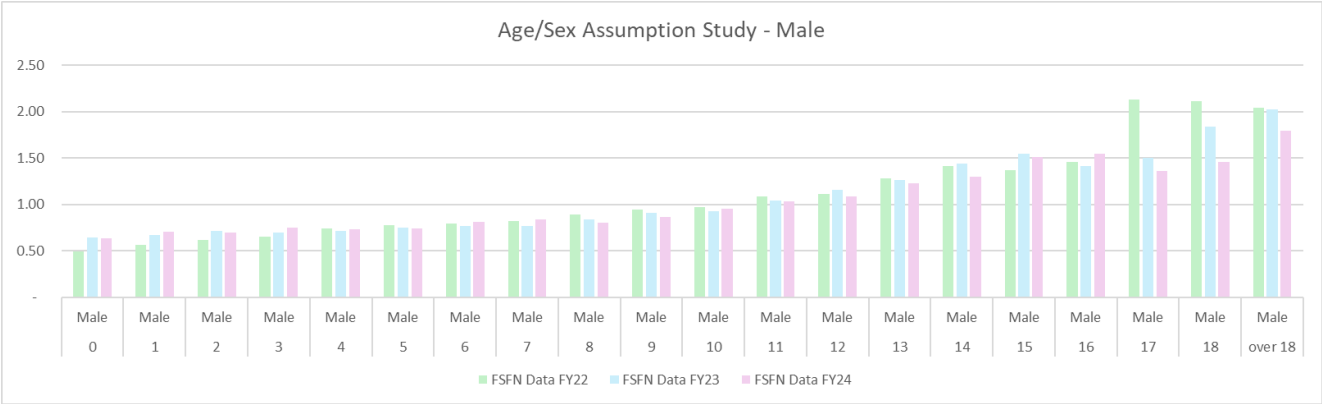

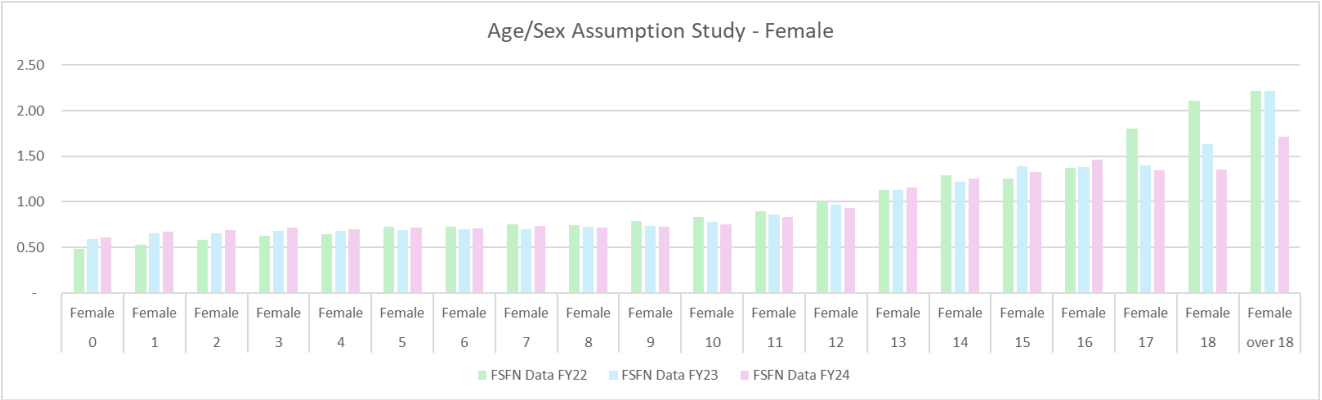*Figure 9: Age/Sex Assumption Study Results among Females:*

17.6.2. Geographic Housing Assumption Study Results

The table below summarizes the results of the geographic assumption study performed on the Zillow dataset, as discussed in Section 5.4.

Note that the housing factors shown below were re-based utilizing the child months data submitted by the CBCs prior to its application in the Tier 2 Cost Model.

Table 13: Geographic Housing Assumption Study Results

Geographic Housing Assumption Study Results

CBC Name	SFY23 - SFY25 Growth Rate	SFY24 - Projected SFY25 Growth Rate	SFY23 Housing Factor	SFY24 Housing Factor	Projected SFY25 Housing Factor
CBC of Brevard	0.2%	0.0%	0.95	0.94	0.93
ChildNet Broward	8.3%	2.1%	1.02	1.04	1.04
ChildNet Palm Beach	4.8%	1.3%	1.09	1.09	1.10
Children's Network of Hillsborough, LLC	1.5%	0.7%	0.99	0.98	0.98
Children's Network of Southwest Florida	0.0%	0.0%	1.07	1.05	1.03
Citrus Family Care Network	12.3%	4.5%	1.11	1.14	1.16
Communities Connected for Kids	2.0%	0.5%	1.00	0.99	0.99
Community Partnership for Children	0.2%	0.1%	0.92	0.91	0.90
Family Partnerships of Central Florida	3.4%	0.9%	0.99	0.99	0.99
Family Support Services of North Florida, Inc.	0.0%	0.2%	0.91	0.89	0.89
Family Support Services of Suncoast, LLC	1.7%	0.1%	0.98	0.97	0.97
Heartland for Children	0.8%	0.3%	0.88	0.87	0.86
Kids Central Inc	0.4%	0.5%	0.91	0.90	0.90
Kids First of Florida	0.0%	0.7%	0.94	0.92	0.92
Northwest Florida Health Network - East	3.7%	0.5%	0.84	0.84	0.84
Northwest Florida Health Network - West	0.3%	0.0%	0.95	0.94	0.94
Partnership for Strong Families	6.0%	2.4%	0.82	0.83	0.83
Safe Children Coalition	0.0%	0.0%	1.08	1.06	1.04
St. John's Board of County Commissioners	0.0%	0.0%	1.15	1.14	1.13

17.6.3. Geographic Wage Assumption Study Results

The table below summarizes the results of the geographic assumption study performed on the BLS Wage dataset, as discussed in Section 5.4.

Table 14: Geographic Wage Assumption Study Results

Geographic Wage Assumption Study Results

CBC Name	2021 - 2022 Growth Rate	2022 - 2023 Growth Rate	Average Growth Rate
CBC of Brevard	5.3%	3.9%	4.6%
ChildNet Broward	2.7%	3.8%	3.2%
ChildNet Palm Beach	2.7%	3.8%	3.2%
Children's Network of Hillsborough, LLC	0.9%	6.1%	3.5%
Children's Network of Southwest Florida	1.5%	7.0%	4.2%
Citrus Family Care Network	2.7%	3.8%	3.2%
Communities Connected for Kids	7.8%	3.4%	5.6%
Community Partnership for Children	2.4%	6.5%	4.4%
Family Partnerships of Central Florida	2.3%	4.9%	3.6%
Family Support Services of North Florida, Inc.	4.2%	7.7%	5.9%
Family Support Services of Suncoast, LLC	0.9%	6.1%	3.5%
Heartland for Children	3.1%	4.7%	3.9%
Kids Central Inc	3.3%	4.2%	3.8%
Kids First of Florida	2.8%	5.0%	3.9%
Northwest Florida Health Network - East	5.9%	7.4%	6.6%
Northwest Florida Health Network - West	0.2%	6.0%	3.1%
Partnership for Strong Families	3.8%	6.3%	5.0%
Safe Children Coalition	4.8%	2.1%	3.4%
St. John's Board of County Commissioners	4.2%	7.7%	5.9%

HB 7089 FUNDING FORMULA IMPLEMENTATION UPDATE

Casey Penn
Chief of Staff
Department of Children and Families

January 14, 2025

OVERVIEW

Pursuant to Section 409.986(1)(a), F.S., the Department contracts with Community-Based Care Lead Agencies for the delivery of foster care and related services. Associated responsibilities include:

Comprehensive oversight of the programmatic, administrative, and fiscal operations of the Lead Agencies by the Department.

Lead Agencies provide vital child protection and child welfare services, including foster care, family preservation, independent living, family reunification, and related services.

Collaborating with the Lead Agencies, community-based subcontractors and the community alliance to protect the best interest of the children, and families we serve.

HB 7089 REQUIREMENTS
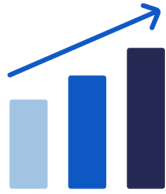
House Bill 7089 required the Department to work in collaboration with Lead Agencies and Providers to develop a funding methodology to allocate Lead Agency funding. The bill further required the methodology to adhere the following guidelines:

- Actuarially sound, reimbursement-based methodology

- Incentivize programmatic performance

- Consider both direct and variable cost factors

- Propose rates and total allocations for individual Lead Agencies

- Establish risk mitigation recommendations

- Do not reduce rates that may be detrimental to operations

HISTORICAL FUNDING MODELS

(2011) Equity Allocation Model – statutorily outlined, considers the following factors:

- Proportion of the child population
- Proportion of the child abuse hotline population
- Proportion of children in care for each Lead Agency

(2022) Florida Funding for Children Model (FFCM) – implemented in FY 2022-23 GAA, the $150 million allocated funds considered:

- Appropriate case worker to case load ratios and the costs of providing child welfare services
- Prevention efforts
- Licensed residential placement

CHALLENGES WITH HISTORICAL FUNDING MODELS

- Lack of responsivity to changing economic and child welfare environments due to statutorily established allocations

- Fail to consider regional variables that directly impact expenditures

- Fail to adjust to census population and associated needs

- Inadequate risk mitigation structure

WHAT THE MODEL DOES

Enhanced Data Granularity and Reporting

Creation of Tiered Model Allows for Budget and Allocation Flexibilities

Transparency

Adaptability

Incentivizes Placement in the Most Appropriate Level of Care

Rewarding Enhanced Performance
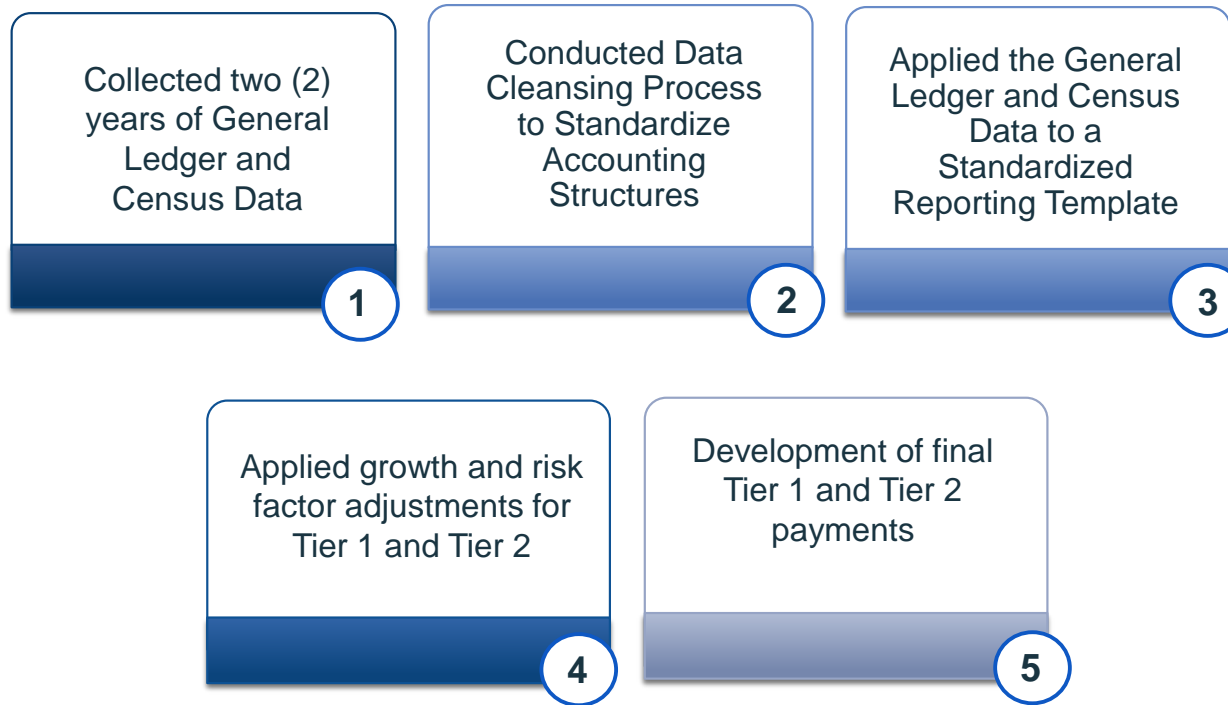
Hold Harmless Provision

Ability to Retain Savings Through Efficiencies

MODEL DEVELOPMENT PROCESS

The Department prioritized development of the key requirements to the funding formula into **five major categories** of work:

Collected two (2) years of General Ledger and Census Data **1**

Conducted Data Cleansing Process to Standardize Accounting Structures **2**

Applied the General Ledger and Census Data to a Standardized Reporting Template **3**

Applied growth and risk factor adjustments for Tier 1 and Tier 2 **4**

Development of final Tier 1 and Tier 2 payments **5**

STAKEHOLDER ENGAGEMENT

The Department, in coordination with KPMG, met with the Lead Agencies and Provider groups throughout the development of the model.

This included: Eight (8) group meetings, three (3) workshops and over seventy-five (75) individual meetings.

Cost Model* Considerations

| Establish Tier Structures & Consistent Definitions | Consider Risk & Growth Adjustments | Carryforward Utilization & Allowability | Passthrough Funding | Acuity & Prevention-Based Modeling | Reconciliation Process | Other Sources of Funding |

*The Tier 1 and Tier 2 Cost Models together are referred to as the "Cost Model" in this recommended funding formula.

TIER 1

Designed to estimate expenditures that should minimally fluctuate with the volume of children and families served, such as administrative and operational expenditures.

- The following adjustments were made to Tier 1 expenditures:
  - ✓ Geographic housing growth rates
  - ✓ Geographic wage growth rates
  - ✓ Consumer Price Index (CPI)
- Key Points
  - ✓ Tier 1 was broken into Part 1A and Part 1B
    - ✓ 1A – capital expenditures (rent/lease, insurance, travel, supplies)
    - ✓ 1B – salaries/benefits and case management contract expenditures
  - ✓ Consistent operational allocation unimpacted by census changes or other factors

TIER 2

Focused on estimating expenditures that fluctuate with the volume of children and families served. This results in a blended per child per month (PCPM) rate by Lead Agency.

- The following adjustments were made to Tier 2 expenditures:
    - ✓ Consumer Price Index (CPI)
    - ✓ Sex/Age Risk Factor
    - ✓ Behavioral Health Risk Factor
    - ✓ Credibility Weighting Factor
- Key Points
    - ✓ This Tier is divided into ten (10) categories to group similar placement types, or groups of care. This incorporates the expenditure and census data by each group of care, resulting in a blended PCPM by Lead Agency.
    - ✓ A blended PCPM results in greater flexibility for service delivery and provides a pathway for operational efficiencies.
    - ✓ Tier 2 PCPM consistently evolves based on the changing population acuity and needs.

TIER 3*

Developed to provide incentive payments to Lead Agencies based on performance achievements related to safety, timely permanency, prevention, and overall wellbeing for children and families.

- The following metrics were identified for Tier 3 consideration:
  - ✓ Permanency: Children achieving permanency who are 13 years of age and older
  - ✓ Permanency: Timely submission of Judicial Review Social Study Reports (JRSSRs)
  - ✓ Permanency and Wellbeing: Kinship placement with relatives and non-relatives
- Key Points
  - ✓ The main goal is to establish a system of incentives that encourages ongoing improvement and rewards providers based on the quality and effectiveness of care and services delivered.
  - ✓ Prioritizes performance improvement in alignment with Department objectives and goals.
  - ✓ Allows for community-based targets that are adjustable, accounting for each Lead Agency's unique operational history and environment.

*Tier 3 is not currently part of the Cost Model analysis conducted. This Tier is proposed in the report as an incentive program framework designed to promote enhanced prevention, family preservation, and permanency outcomes at the Department.

RISK CORRIDOR

This can serve as a mechanism to help mitigate financial risk arising from unexpected variations in the acuity of children served that result in higher-than-expected expenditures relative to budgeted amounts.

- A one-sided 2% risk corridor threshold will be applied to the Tier 2 risk corridor allowable expenditures by Lead Agency relative to actual expenditures:

  - ✓ Encourages Lead Agencies to manage their annual spending in a fiscally responsible manner while allowing them flexibility to support evolving care needs for children within the 2% variation.

  - ✓ The exposure for the State is limited to the 2% variation on Tier 2 expenditures, unlike the present situation, where there is no cap established for addressing deficit spending.

  - ✓ The Lead Agency would be financially responsible for significant variations in expenditures above the 2% risk corridor threshold.

  - ✓ Total financial risk exposure of $16.2 million if Lead Agencies were to exceed the 2% risk corridor

FISCAL ANALYSIS

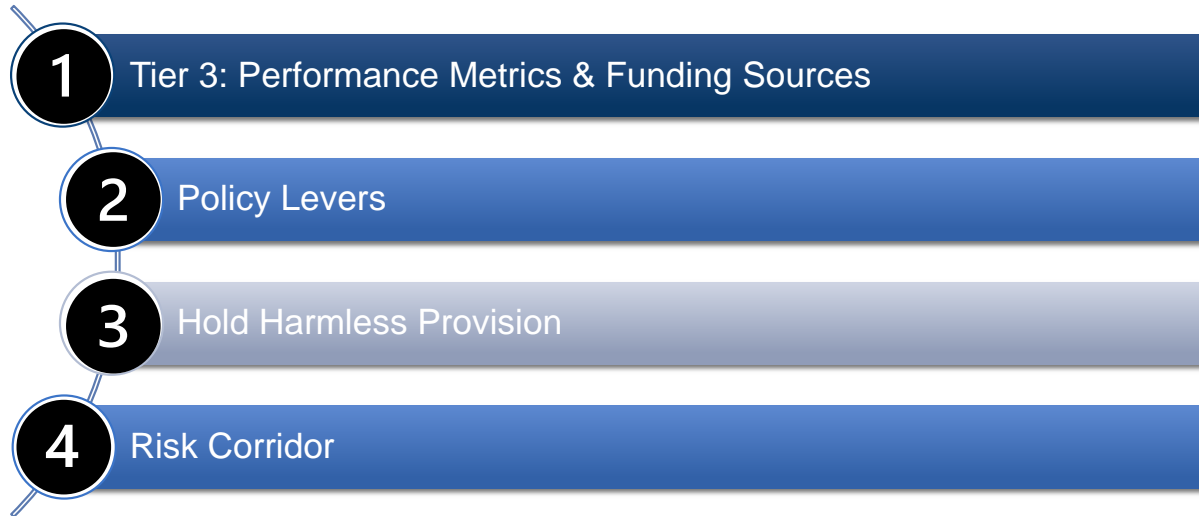| Description	Budget
FY 2024-25 Funding Model	$1,391.9 M
FY 2024-25 CBC Schedule of Funds	$1,346.0 M
Difference	$45.9 M
Hold Harmless Addition	$15.3 M
Total Contract Increase	$61.2 M
GAA Surplus Offset	$32.6 M
Total Appropriation Increase	$28.6 M
Percent of Appropriation Increase	2.08%

DATA ACCURACY AND TRANSPARENCY

- A key component to this model's effectiveness is the reliability of data reporting and visibility of data outputs.

- This model will transform the current state of doing business to a standardized reporting approach that enhances overall transparency.

- Key Improvements:
  - ✓ Creates standardization among:
    - ✓ General Ledgers (accounting structure)
    - ✓ Accounting definitions
    - ✓ Expenditure reporting
    - ✓ Client Services (census data output)

ROLE OF THE LEGISLATURE / NEXT STEPS

- This model provides substantial flexibility in allowing the Legislature to determine goals and priorities and resulting policy decisions.

- Key considerations include:

1 Tier 3: Performance Metrics & Funding Sources

2 Policy Levers

3 Hold Harmless Provision

4 Risk Corridor

QUESTIONS?