**Risk Pool Peer Review Committee Report**
**Embrace Families Community Based Care**

**Circuits 9 & 18 (Seminole)**

**Fiscal Year 2020-2021**

**Executive Summary:**

Embrace Families (EFCBC) submitted an application for risk pool funding on December 15, 2020. The application was subsequently reviewed by the Central Region and was submitted to the Office of Revenue Management and Partner Compliance.

The department established a Risk Pool Peer Review Committee pursuant to section 409.990(7)(c), F.S. for State Fiscal Year (FY) 2020-2021, the Risk Pool application process was informed by lessons learned from the prior year reviews as well as the availability of extensive additional information from reports developed pursuant to proviso language included in the General Appropriations Act (Specific Appropriation 330) for State Fiscal Year 2020-2021. In compliance with this proviso language, the department completed a comprehensive, multi-year review of the revenues, expenditures and financial position of all Community-Based Care lead agencies including a comprehensive system of care analysis. This submission also included a financial viability plan from all lead agencies.

Due to the COVID-19 pandemic this fiscal year, the Risk Pool Peer Review team conducted a review with relevant information available from multiple sources to make recommendations. The documents reviewed are below:

- Risk Pool Funding Application FY 2020-2021
- Financial Viability Plan (FY 2020-2021)
- Budget Projections provided by the CBC
- The Child Welfare Dashboard
- CBC Contract Monitoring Reports
- CBC Contract Monitoring Data Packets
- The Child Welfare Key Indicators Monthly Report
- Florida Safe Families Network (FSFN) Aggregate Payment Data
- June 30, 2020 Single Audit (CPA Audit)

As a part of the review, the team evaluated all available information from previous on-site visits, current data and monitoring reports. To resolve any outstanding questions, additional information was requested by the team from the CBC which allowed the team to make an enhanced recommendation without an additional on-site visit being conduct by Risk Pool Review Committee.

The Risk Pool Peer Review Committee for EFCBC consisted of:

Lee Kaywork, Team Leader

Lauren Hahn, CFO, Communities Connected for Kids, Inc.

Larry Rein, CEO, ChildNet, Inc.

Nadereh Salim, CEO, Children's Network of SW Florida, LLC
James Weaver, DCF Director of Protective and Supportive Services
Barney Ray, DCF Director of Revenue Management and Partner Compliance
Raeann Bacchus, DCF Southern Region, Regional Managing Director
Eddie Encarnacion, DCF Northeast Region, Regional Managing Director
Stephanie Hayden, DCF Quality Office Manager

While the specific areas of review and analysis varied based on the unique needs and circumstances of each Region, Circuit and Lead Agency, the following framework provided an outline for organizing the work of the Peer Review Committee.

**Application Summary:**

Embrace Families application for risk pool funding requested $3,500,000 to address a projected deficit of $5M. Funding is requested to address significant changes in the number or composition of clients eligible to receive services. The requested funds were to be used to address shortfalls in the FY 2020-2021 budget as well as a $2,083,655 negative carry forward balance from FY 2019-2020.

After submitting their application and prior to the committee meeting, EFCBC communicated that they had received $78,881 in CARES Act funding from Seminole County that would cover some costs included in their projected deficit. Applying this funding would reduce their projected deficit accordingly.

The primary causes Embrace Families attributed to their current financial challenges cited in the original application are outlined below:

- A $2,083,655 negative carry forward balance from FY 2019-2020.
- Significant increase in the number of children entering out-of-home care.
- Increased foster board payments and residential group care expenditures.
- Case management provider performance failure.
- Lack of cost-sharing by other funders for children and families (APD, DJJ, Medicaid).
- Foster Board Special Payment.

During the committee meetings, Embrace Families later revised their request to address only FY 2020-2021 budget shortfalls.

The reasons outlined in the subsequent request include:

- Out-of-home expenses and higher placement costs ($1.4M)
- Exceeded by $1.5M the allocation provided by DCF for increased licensing and eligibility workload for Level I licensed foster homes by $1.5M in order to attain DCF goal of 40% and to stabilize placements.
- Client assistance expenses; increase transportation assistance, parenting classes, educational supports and rent/utilities assistance. ($498k)

**Findings:**

After review of the information provided the Peer Review Committee was able to reach the following findings:

1. **Findings related to the need for services and commitment of resources**
    - Sources: (The Child Welfare Key Indicators Monthly Report, The Child Welfare Dashboard, CBC Contract Monitoring Reports)
    - Summary below, See CBC Contract Monitoring Report, sections 2, 11, and 12 for more details

    1.1. ***What is the relevant community context within which the child welfare system operates?***
    1.2. ***This may include incidence of calls to the hotline, child poverty in the area, local factors that influence the need for services, etc.***
    1.3. ***Factors may also include community resources available to meet the needs of children and families such as Children's Services Councils, local governmental resources or other unique factors.***

Embrace Families is the lead agency for foster care and adoption related services in Orange, Osceola and Seminole Counties. Judicial Circuit 9 is comprised of Orange and Osceola counties and Seminole is one of the two counties that comprise Judicial Circuit 18. Embrace Families has held the lead agency contract since 2004 in Seminole County and 2011 in Orange and Osceola Counties. The protective investigation function is conducted by the Seminole County Sheriff's Office in Seminole County and by the department in Orange and Osceola Counties. Children's Legal Services (CLS) represents the state in Dependency proceedings in both judicial circuits.

Embrace Families operates a county level operations management model with an agency administrative overlay. Case management is subcontracted to community partners in all three counties. Each case management agency is also contracted to provide diversion staff, which include staff that are co-located in each CPI service center and assist with referrals to services and resources. Staff provide care coordination for family support cases and provide an oversight role when care coordination is referred to another program.

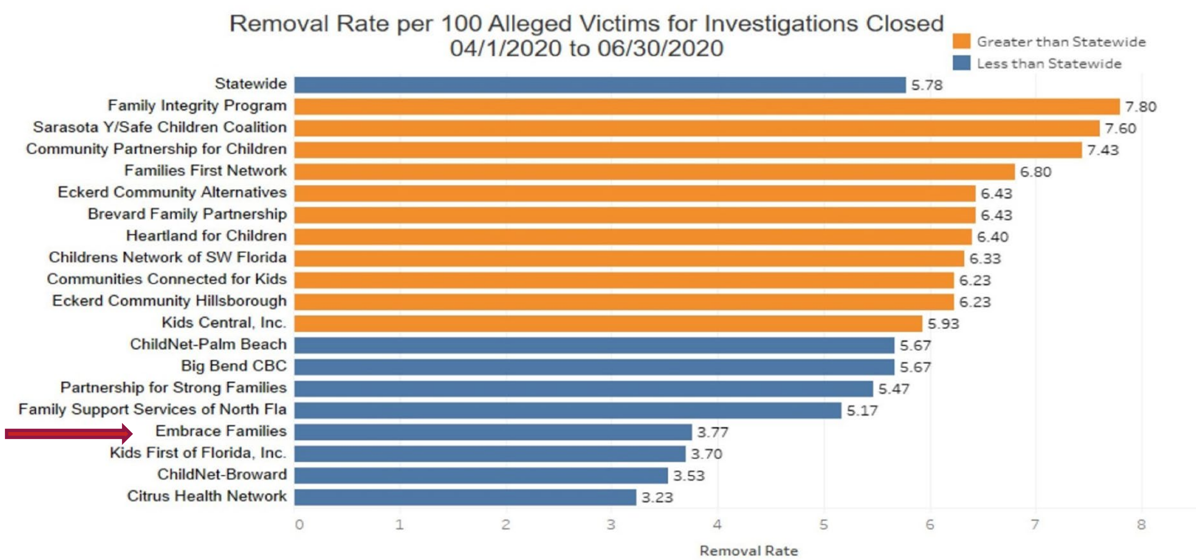
The lead agency works collaboratively with partners to ensure children and families are receiving needed services. Partners consistently describe EFCBC as being responsive, collaborative and supportive.

| Census Facts | | | | |
|---|---|---|---|---|
| **US Census Facts** | **Florida** | **Orange** | **Osceola** | **Seminole** |
| **Median Household Income** | $55,660 | $58,254 | $52,279 | $66,768 |
| **Percent of population living in poverty** | 12.7% | 12.6% | 13.4% | 9.3% |
| **Percent of population over 25 years old with a college degree** | 29.9% | 34.6% | 21.8% | 39.6% |
| **Percent of population over 25 years old with high school diploma** | 88.2% | 88.5% | 86.7% | 94.3% |
| **Data Source: census.gov/quickfacts (2015-2019)** | | | | |

Based on the US Census Facts, Seminole County's population exceeds the state's average when it comes to education, both with high school diplomas and college degrees. The county also has an appreciatively higher medical household income than the state average, coinciding with a poverty rate lower than the state average. Orange County follows similar trends to Seminole County with education rates higher than the state average, a slightly higher median household income, but a higher poverty level than the state average. In contrast, Osceola County has lower population rates with high school diplomas and college degrees, lower median household incomes, and a slightly higher percent of population living in poverty than the state averages.

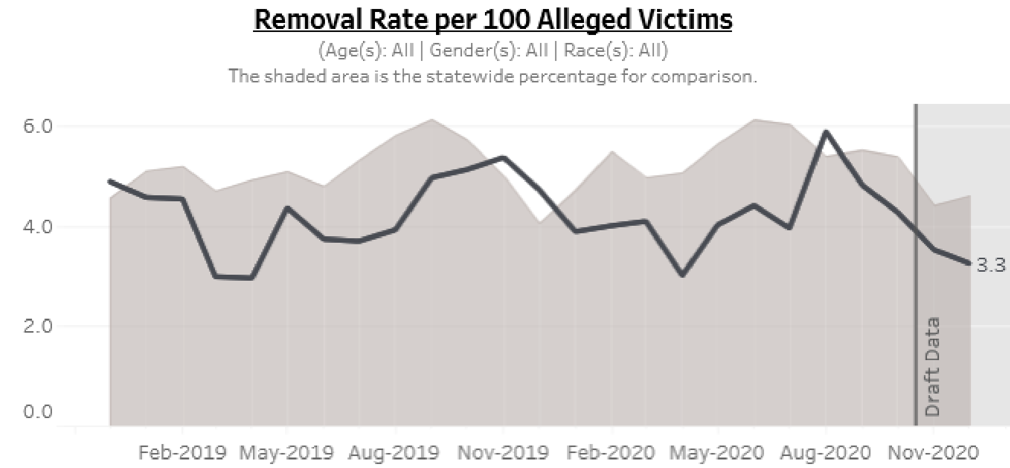
2. **Findings related to protective services including removals, referrals for post-investigative services, activities to protect children without removal and use of resources focused on prevention and intervention.**
    - Sources: (The Child Welfare Key Indicators Monthly Report, The Child Welfare Dashboard, CBC Contract Monitoring Report)
    - Summary below, See CBC Contract Monitoring Report, sections 5, 9, and 11 for more details

2.1. ***What are the rates of removal, rates of verification and other measures from protective investigations that affect the need for child welfare services? How have these measures changed over time and how do they compare with other areas of the state?***
2.2. ***What activities are in place to provide support to protective investigators and families to permit children to remain safe in their homes? What services are provided with funds used for prevention and intervention?***
2.3. ***What services are provided with funds used for prevention and intervention?***
2.4. ***How well integrated are the CPI, safety management and intervention services components? Are there case transfer issues that affect performance?***




| Removals per 100 Alleged Victims | | |
|---|---|---|
| | 12 Month Average | Statewide Average |
| November 2016-October 2017 | 3.8 | 5.5 |
| November 2017-October 2018 | 4.0 | 5.3 |
| November 2018-October 2019 | 4.2 | 5.2 |
| November 2019-October 2020 | 4.4 | 5.3 |

From 4/1/20 to 6/30/20, Embrace Families had a removal rate of 3.77 children per 100 alleged victims. This removal rate is significantly below the statewide average of 5.78 children. Historically, EFCBC has maintained a removal rate well below the statewide average.




When compared with statewide trends, Embrace Families historically runs below the statewide average in removal rates per 100 alleged victims.

3. **Findings related to provision of services for children in care (both in-home and out-of-home)**
   - Sources: (The Child Welfare Key Indicators Monthly Report, The Child Welfare Dashboard, CBC Contract Monitoring Report, CBC Financial Viability Report, CBC Financial Viability Integrated Data Report, CBC Budget Projections, and Florida Safe Families Network (FSFN) Aggregate Payment Data)
   - Summary below, See CBC Financial Viability Integrated Data Report, CBC Budget Projections, CBC Financial Viability Report, and CBC Contract Monitoring Report for additional details.

   *3.1.* ***What is the composition of the children in care including age cohorts, placement types, use of specialized higher costs settings, use of congregate care, etc.***

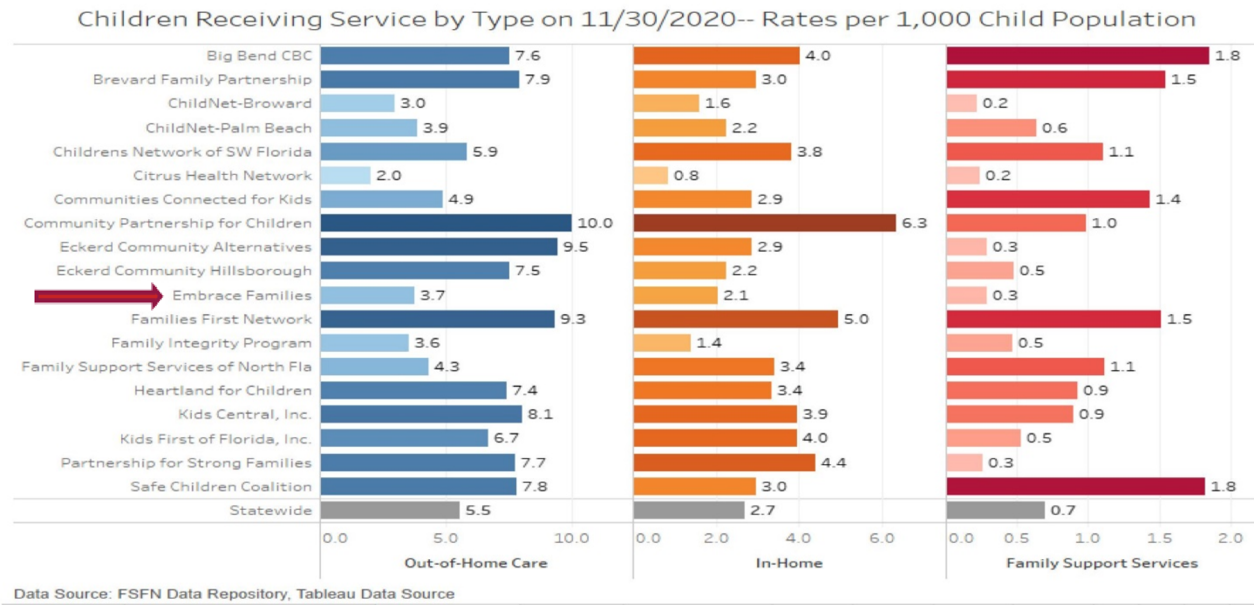
   *3.2.* ***What is the cost of various placement types? To what extent are the rates paid for foster care (including care with various rates of intensity), congregate care consistent with statewide norms (considering community context)? Have these rates remained relatively consistent over the past few fiscal years?***

   *3.3.* ***What is the cost for dependency case management? Is this consistent with norms for such services? Have these rates remained relatively consistent over the past few fiscal years?***

   *3.4.* ***To what extent is the Lead Agency appropriately utilizing non-child welfare funding for services (such as DCF SAMH Funds, Medicaid, and other non-DCF funding sources).***

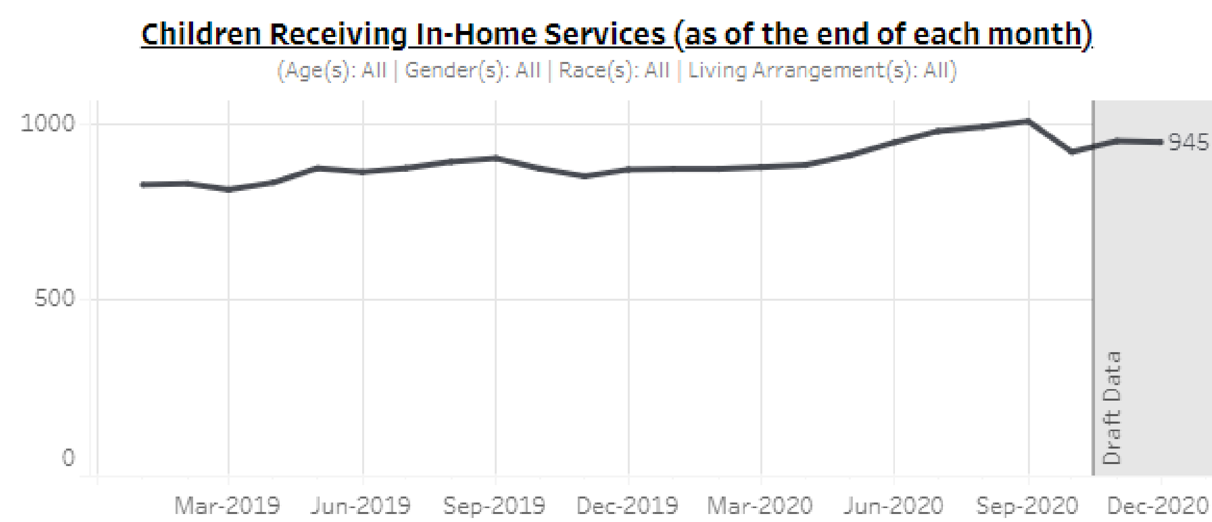
   *3.5.* ***What evidence exists that case management services are well-managed by the Lead Agency?*** *(see overall management section for response)*

   *3.6.* ***To what extent is the CBC meeting its obligation to the Family First Prevention goals? Have they reduced reliance on Residential Group care? How much? If not, what is the action plan going forward? Has the CBC met the 40% goal for all relative/non-relative placements licensed as Level I Foster Homes?***



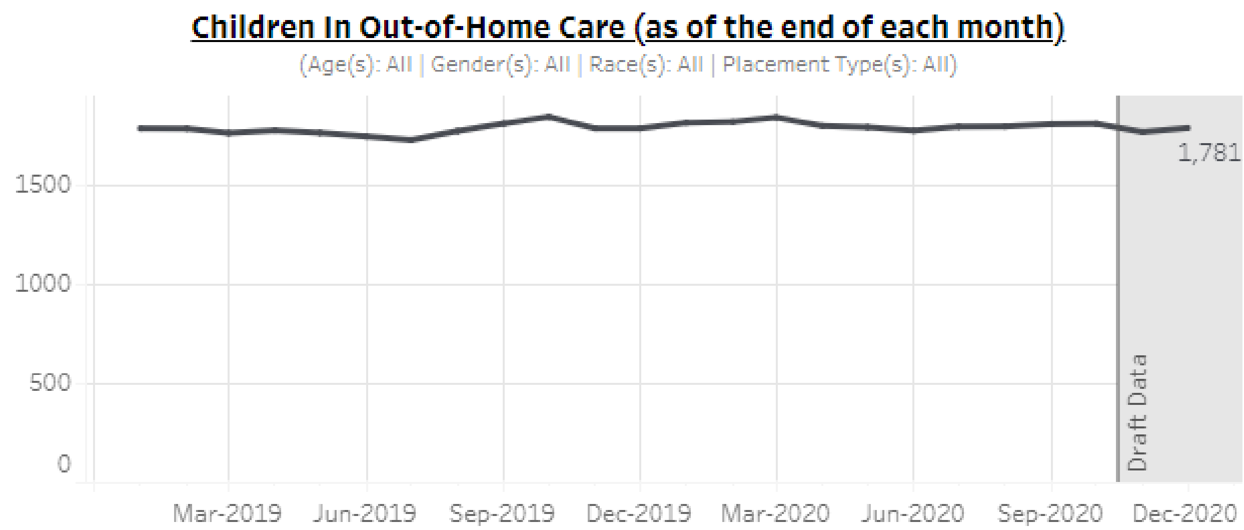

Embrace Families serves fewer children (per 1,000 child population) in all three service types than the state average.

From July 2017 to October 2019, Case Management Agency (CMA) Devereux progressively failed to meet performance outcome measures and weekly targets of child exits, permanency and case closures. The court lost confidence in the CMA and suspended new case assignments in May 2019, necessitating the transfer of hundreds of cases from October-December 2019 to other providers so the local system would not default.

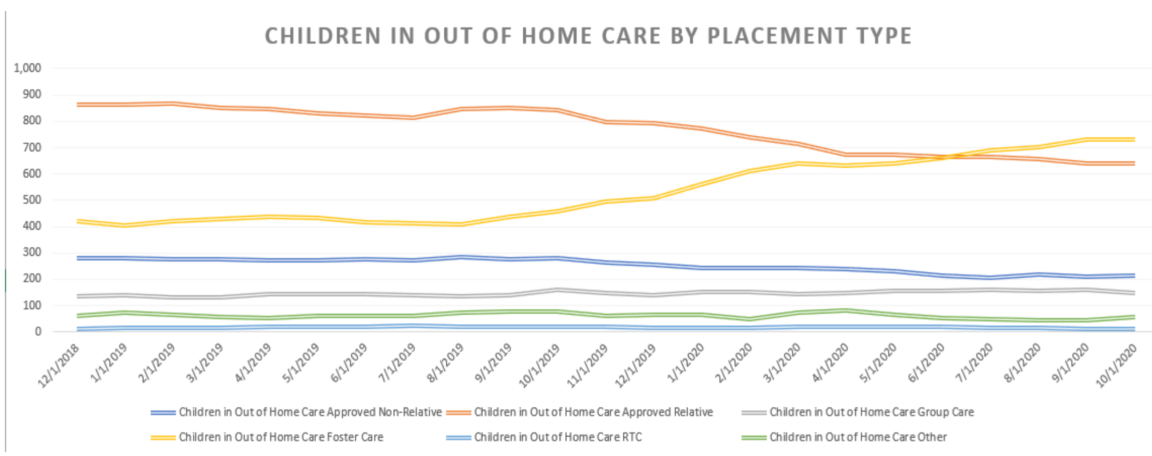


The end of month count of children receiving in-home services has increased from 944 on June 30th to 1,004 on September 30th but has decreased back to 945 on December 31st. The prior fiscal year was in the mid- to upper 800 range until exceeding 900 in May 2020.

The six-month average Jul-Dec 2019 was 874 and Jul-Dec 2020 was 963 which is a 10% increase in the children receiving in-home services.




The end of month count of children in out-of-home care has remained fairly consistent over the past 24 months. There was a small increase of 2% from 1,768 in July 2020 to 1,803 in October 2020 but that number decreased to 1,781 by Dec 2020.




The number of children placed in a Residential Treatment Center averaged 18 children per month in calendar 2019 but decreased to an average of 15 children in calendar year 2020.

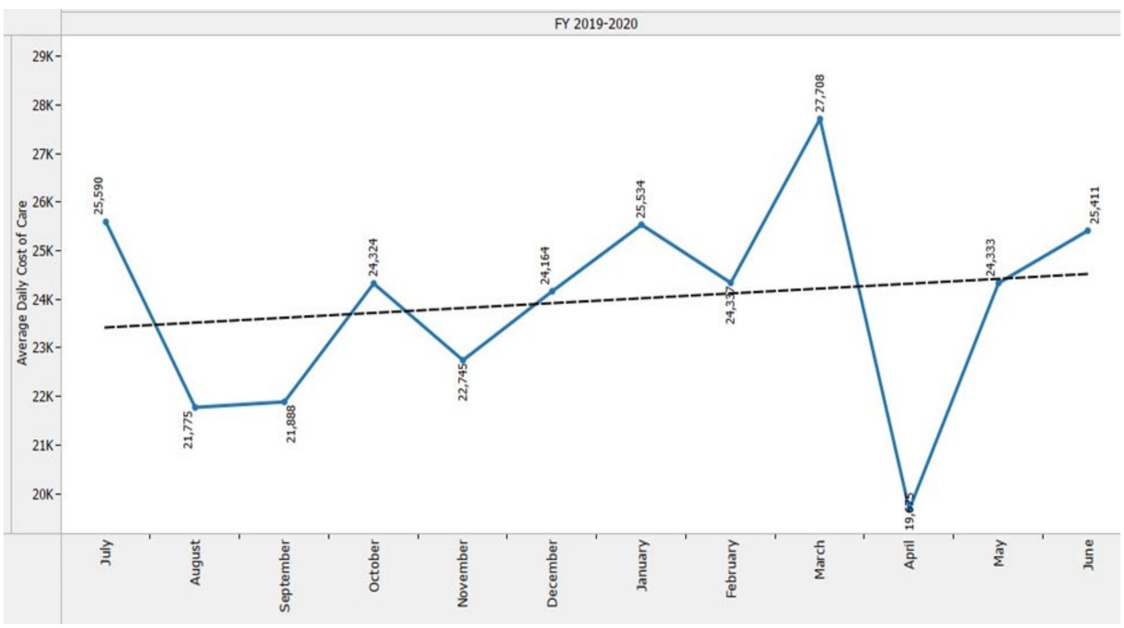
The number of children in group care increased from 137 children in August 2019 to a high of 159 in September 2020 but is back down to 137 in December 2020 This increase is concerning as there is a statewide priority to move children out of congregate care considering the Family First Prevention Services Act.

The number of children in Foster Care has increased substantially and the number in unlicensed relative/non-relative care has decreased substantially due in part to the Level 1 Foster Home licensing under the Guardianship Assistance Program which began in July 2019.

As of February 1, 2021, EFCBC has not met the goal of achieving 40% relative/non-relative placements licensed as Level 1 Foster Homes. EFCBC has 29.92% homes licensed, slightly above the statewide average of 29.14%.

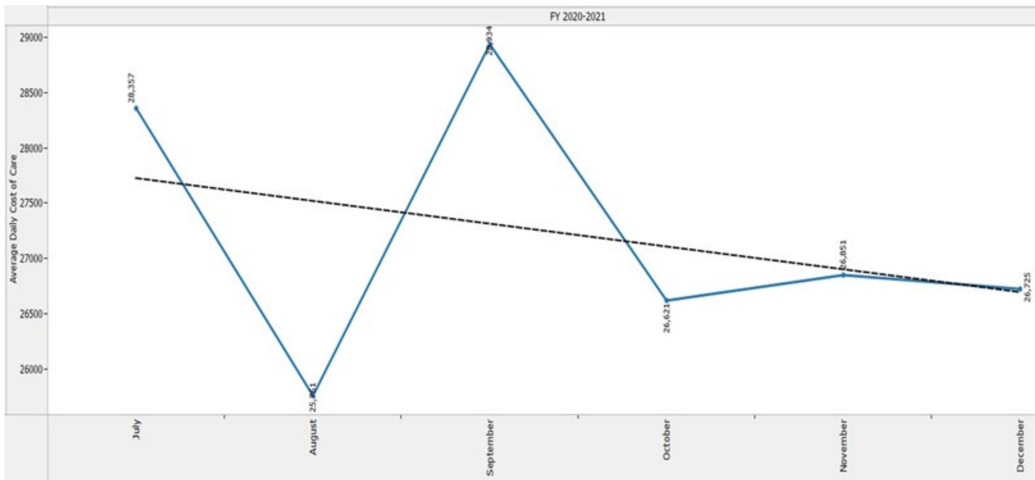
**Trend line of Average Daily Expenditures on Residential Group Care**

**July 2019 – June 2020**



**Trend line of Average Daily Expenditures on Residential Group Care**

**July 2020 – December 2020**




The number of children in group care has remained relatively unchanged for the past two years. The average daily cost of group care in FY 2019-2020 was $23,957. The average daily cost of group care in the first half of FY 2020-2021 is $27,208 with a moderate downward trend since July 2020. Continued efforts to move children and youth from congregate care is necessary to ensure financial health.

| Total $ of FSFN Payments to Licensed Residential Group Care (OCA LCRGE, LCGHE & LCGHI) | | | | | | |
|---|---|---|---|---|---|---|
| Ages | FY 2018-2019 | FY 2019-2020 | $ Increase/ (Decrease) | % Increase/ (Decrease) | FY 2020-2021 (Thru Nov. Service Mths- 42% of the year) | FY 2020-2021 as a % of FY 2019-2020 |
| 0-5 | $4,503 | $5,492 | $989 | 22.0% | $3,718 | 68% |
| 6-12 | $1,026,369 | $1,304,985 | $278,616 | 27.1% | $392,451 | 30% |
| 13-17 | $6,005,611 | $7,456,259 | $1,450,648 | 24.2% | $3,760,624 | 50% |
| **Total Number of Unique Clients in Licensed Residential Group Care (OCA LCRGE, LCGHE & LCGHI)** | | | | | | |
| Ages | FY 2018-2019 | FY 2019-2020 | Increase/ (Decrease) | % Increase/ (Decrease) | FY 2020-2021 (Thru Nov. Service Mths- 42% of the year) | |
| 0-5 | 3 | 1 | (2) | -66.7% | 1 | |
| 6-12 | 56 | 73 | 17 | 30.4% | 38 | |
| 13-17 | 233 | 265 | 32 | 13.7% | 198 | |
| **Median Daily Rate $ in Licensed Residential Group Care (OCA LCRGE, LCGHE & LCGHI)** | | | | | | |
| Ages | FY 2018-2019 | FY 2019-2020 | $ Increase/ (Decrease) | % Increase/ (Decrease) | FY 2020-2021 (Thru Nov. Service Mths- 42% of the year) | |
| 0-5 | $24.00 | $24.00 | $0.00 | 0% | $24.30 | |
| 6-12 | $119.00 | $145.00 | $26.00 | 22% | $167.50 | |
| 13-17 | $175.00 | $200.00 | $25.00 | 14.3% | $205.00 | |

Placement of children ages 0-5 in residential group care by EFCBC is almost non-existent. Children ages 6-12 accounted for about 22% of all children in group care in FY 2019-2020 but was reduced to 16% in FY 2020-2021. This is below the statewide average of 17.07%.

During this same time period, the median rate per child has increased for ages 6-12 and ages 13-17.

Overall, 7.5% of children in out-of-home care were placed in residential group care versus the statewide average of 6.69%. Moving children out of group care represents are area for continued focus by the lead agency.

| Average Caseload (By Case and Child)* | | |
|---|---|---|
| | EFCBC | Statewide |
| December 2019 | 16.80 | 18.83 |
| December 2020 | 17.91 | 18.23 |

From December 2019 to December 2020, average caseloads increased by 6% compared to the statewide average decreased of 3%. However, the number of EFCBC's caseloads are still lower than the statewide average.

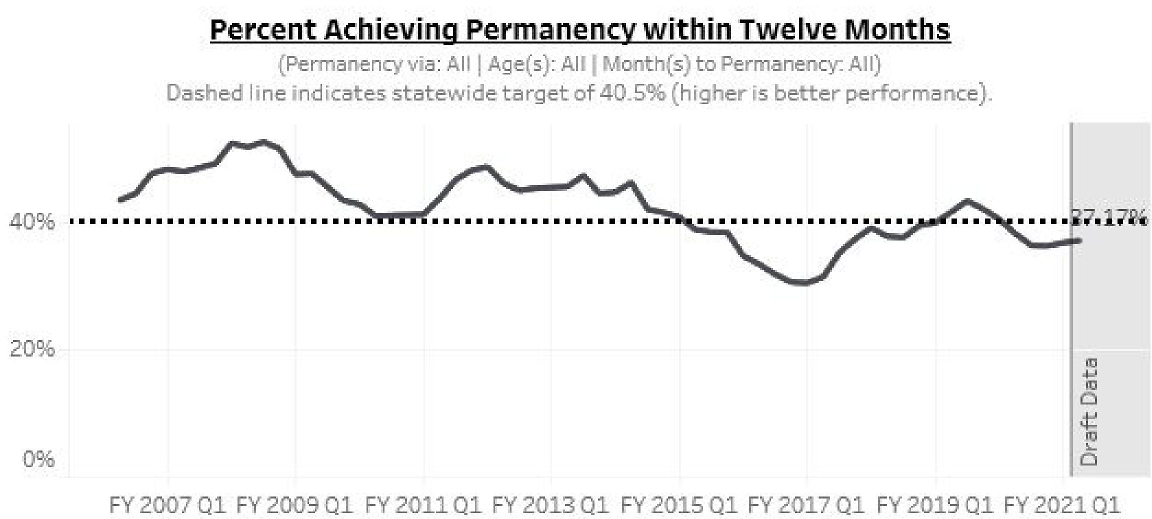
**4. Findings related to exits from care including exits to permanence.**

- Sources: (The Child Welfare Key Indicators Monthly Report, The Child Welfare Dashboard, CBC Contract Monitoring Report, Financial Viability Integrated Data Report)
- Summary below, see The Child Welfare Key Indicators Monthly Report, The Child Welfare Dashboard, Financial Viability Integrated Data Report, CBC Contract Monitoring Report – Sections 4 and 11, for more details.

*4.1.* ***What is the performance of the Lead Agency in the recognized measures of children achieving permanence? Do these findings indicate that children are not remaining in care for longer than necessary? Are these permanency achievement rates consistent across placement settings?***

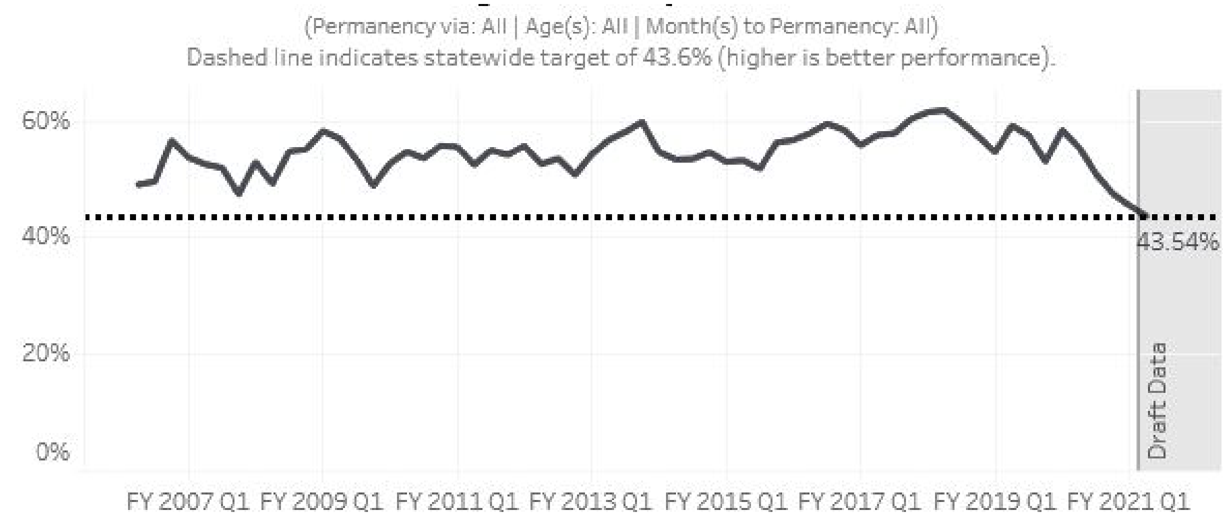
*4.2.* ***What contextual factors (such as Children's Legal services, dependency court dynamics, etc.) influence time to permanence for children served by the Lead Agency?***

*4.3.* ***Has there been a change in number of exits or time to exit that is materially influencing the cost of out-of-home care?***

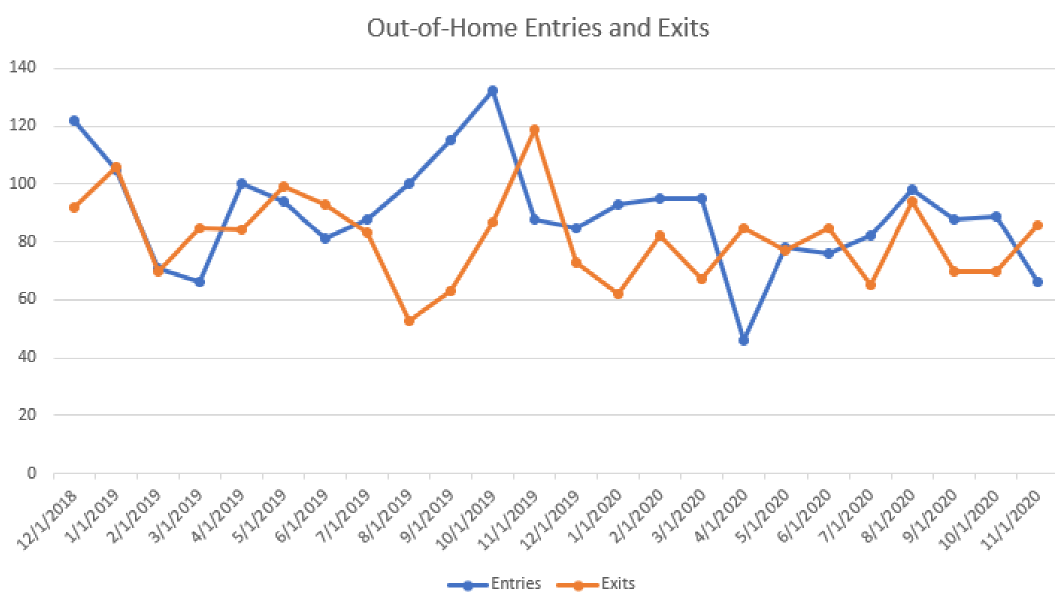



The percent of children achieving permanency within 12 months dropped below the statewide target of 40.5% in FY 2014-2015 and has remained the below target except for two quarters in FY 2018-2019. In comparison, the statewide percent has steadily declined since the first quarter of FY 2013-2014. In FY 2020-2021, the statewide average dropped to 36.97% closely matching Embrace Families at 36.85%.

**Children in Care 12 to 23 Months Achieving Permanency within 12 Months**




EFCBC has exceeded the statewide target for percent of children in care 12 to 23 months achieving permanency A sharp decline is noted the first quarter of FY 2019-2020. The first quarter of FY 2020-2021was 45.42%.



## Entries, Exits and Children in Out-of-Home Care – At a Glance

| Children Entering Out-of-Home Care | Nov. 2017-Oct. 2018 | Nov. 2018-Oct. 2019 | Nov. 2019-Oct. 2020 |
|---|---|---|---|
| Total – 12 Months | 1,248 | 1,194 | 1,013 |
| Average – 12 Months | 103.8 | 99.5 | 84.8 |
| Average – Last 6 Months | 104 | 101.7 | 85.2 |
| Average – Previous 6 Months | 103.7 | 97.3 | 83.7 |
| | | | |
| **Children Exiting Out-of-Home Care** | **Nov. 2017-Oct. 2018** | **Nov. 2018-Oct. 2019** | **Nov. 2019-Oct. 2020** |
| Total – 12 Months | 1,090 | 1,050 | 949 |
| Average – 12 Months | 90.8 | 87.5 | 79.1 |
| Average – Last 6 Months | 92 | 79.7 | 76.8 |
| Average – Previous 6 Months | 89.7 | 95.3 | 81.3 |
| | | | |
| **Net - Entries less Exits** | **Nov. 2017-Oct. 2018** | **Nov. 2018-Oct. 2019** | **Nov. 2019-Oct. 2020** |
| Total – 12 Months | 156 | 144 | 64 |
| | | | |
| **Children In Out-of-Home Care** | **Nov. 2017-Oct. 2018** | **Nov. 2018-Oct. 2019** | **Nov. 2019-Oct. 2020** |
| Average – 12 Months | 1,719.8 | 1,769.2 | 1,795.1 |

Comparing entries to exits over a twelve-month period, the number of children entering out-of-home care has trended downward over the past three years. The average number of children entering out-of-home care has decreased from 103.8 children per month from November 2017 to October 2018 to 84.8 children per month from November 2019 to October 2020. This represents an 18.3% decrease in children entering care.

During the same period, the average number of children exiting care decreased from 90.8 per month to 79.1 per month. This represents a 12.9% decrease in children exiting care. From November 2019-October 2020, there was a net 64 more children (or 5 more each month) entering out-of-home care than exiting out-of-home care for that twelve month period.

Entry and exit data demonstrate that there are more children entering (1,013) out-of-home care than leaving (949) for the time period November 2019 to October 2020. For the past three years, EFCBC has experienced a swell in the out-of-home numbers, Entries have outpaced exits each year resulting in a net increase of 364 children in out-of-home care.

EFCBC is at a five-year low for children entering care. The lead agency is below average when compared with other CBCs.

**5. Findings related to funding, fiscal trends and fiscal management.**

- Sources: (The Child Welfare Key Indicators Monthly Report, The Child Welfare Dashboard, CBC Financial Viability Report, CBC Financial Viability Integrated Data Report and CBC Budget Projections)
- Summary below, See CBC Financial Viability Integrated Data Report, CBC Budget Projections and CBC Financial Viability Report for additional details.

5.1. ***How has core services funding changed over time? (Financial) How has the Lead Agency managed these changes? What adjustments to the available array of services have been made?*** (For service array response see section1)
5.2. ***How have any changes to core services funding contributed to any projected deficits for FY 2020-2021?***
5.3. ***What is the ratio of core funding as a Percent of the Allocation formula?***
5.4. ***In what ways are funding dynamics in the Lead Agency unique or atypical of funding in other Lead Agencies?***
5.5. ***What is the amount of the anticipated deficit for the current year? How reliable and valid are these projections?***
5.6. ***Are their options other than Risk Pool funding available to reduce the deficit?***
5.7. ***If the Lead Agency meets the criteria for Risk Pool funding, but the amount of funding available is insufficient to cover the projected deficit, what other options are available?***
5.8. ***Are there fiscal practices that could be completed with greater efficiency in order to reduce the projected deficit?***
5.9. ***Has the most recent CPA audit indicated any issues that would affect the financial health of the organization?***

## Total Funding

| DCF Contract Funds Available at Year End (by Fiscal Year) | FY15-16 | FY16-17 | FY17-18 | FY18-19 | FY19-20 | FY20-21 |
|---|---|---|---|---|---|---|
| Core Services Funding | $53,643,706 | $54,505,280 | $55,291,962 | $55,555,184 | $57,178,398 | $58,411,840 |
| Risk Pool Funding | $2,418,247 | $1,398,745 | $0 | $0 | $0 | $0 |
| CBC Operations "Back of the Bill" Funding | $405,130 | $1,423,887 | $2,317,872 | $0 | $2,354,282 | $0 |
| Other Amendments to Initial Allocations | $249,469 | $62,394 | $0 | $4,767 | $37,262 | $0 |
| **Amended Core Services Funding** | **$56,716,552** | **$57,390,306** | **$57,609,834** | **$55,559,951** | **$59,569,942** | **$58,411,840** |
| **Funding not defined as Core Services Funding** | | | | | | |
| Independent Living (IL and Extended Foster Care) | $2,312,591 | $2,312,591 | $2,067,385 | $2,478,073 | $2,491,226 | $2,491,226 |
| Children's Mental Health Services (Cat 100800/100806) | $705,916 | $705,916 | $705,916 | $705,916 | $705,916 | $705,916 |
| PI Training, Casey Foundation or other non-core svcs | $0 | $0 | $0 | $0 | $0 | $0 |
| Safety Management Services (Nonrecurring) | $0 | $603,466 | $0 | $603,466 | $603,466 | $0 |
| **Total at Year End** | **$59,735,059** | **$61,012,279** | **$60,383,135** | **$59,347,406** | **$63,370,550** | **$61,608,982** |
| Maintenance Adoption Subsidy (MAS) | $11,152,098 | $11,446,689 | $11,914,166 | $12,826,056 | $13,912,798 | $14,590,723 |
| Guardianship Assistance Payments (GAP) | | | | | $80,535 | $80,535 |
| MAS Prior Year Deficit | -$249,692 | | | | | |
| Carry Forward Balance from Previous Years | $449,359 | -$1,857,244 | -$685,066 | -$320,512 | $984,857 | -$2,083,655 |
| **Total Funds Available** | **$71,086,824** | **$70,601,724** | **$71,612,235** | **$71,852,950** | **$78,348,740** | **$74,196,585** |

Embrace Families last received Risk Pool funding in FY 2015-2016 and FY 2016-2017. The lead agency did not receive supplemental funding in FY 2018-2019. "Back of the Bill" funding was provided in each year except in FY 2018-2019. Despite receiving Back of the Bill funding in FY 2019-2020, the lead agency had a negative carryforward balance of $2,083,655.

Core service funding has increased every year since FY 2015-2016. Core services funding increased 2.92% in FY 2019-2020 and 2.16% in FY 2020-2021. There have been no changes to core services funding that would account for the projected deficit in FY 2020-2021.

## Expenditures on Core Service and Administration

| Reported Expenditures by Fiscal Year | FY15-16 | FY16-17 | FY17-18 | FY18-19 | FY19-20 |
|---|---|---|---|---|---|
| Administrative Costs | $3,002,304 | $2,832,741 | $2,832,273 | $2,682,981 | $2,991,555 |
| Admin Cost Rate (Exp as % of Total Allocations) | 4.3% | 3.9% | 3.9% | 3.7% | 3.9% |
| **Core Services Expenditures** | | | | | |
| Dependency Case Management | $29,860,007 | $28,982,509 | $28,898,360 | $28,408,344 | $37,104,482 |
| Adoption Services Promotion & Support | $2,002,479 | $1,755,728 | $1,718,149 | $1,368,490 | $1,943,481 |
| Prevention/Family Support/Family Preservation | $7,340,911 | $5,733,998 | $5,049,404 | $4,190,717 | $3,743,861 |
| Client Services | $4,613,394 | $4,628,870 | $4,318,812 | $6,273,202 | $3,676,719 |
| Training - Staff and Adoptive/Foster Parent | $1,752,006 | $1,824,034 | $1,705,792 | $1,459,119 | $1,073,507 |
| Licensed Family Foster Home (Level I Child Specific) | $0 | $0 | $0 | $0 | $343,094 |
| Licensed Family Foster Home (Level II-V) | $3,829,816 | $3,452,861 | $3,435,770 | $3,408,053 | $3,906,309 |
| Licensed Facility Based Care | $7,822,806 | $7,289,825 | $8,723,843 | $6,454,054 | $8,773,569 |
| Services for Victims of Sexual Exploitation | $425,897 | $1,378,800 | $1,183,502 | $530,513 | $225,391 |
| Safety Management Services | $0 | $888,220 | $1,306,535 | $1,702,179 | $1,274,639 |
| Other | $0 | $0 | $0 | $0 | $0 |
| **Core Services Expenditures** | **$57,647,315** | **$55,934,845** | **56,340,167** | **53,794,672** | **62,065,051** |

When comparing core service expenditures by category, FY 2019-2020 had a significant increase in dependency case management from $28.4M in FY 2018-2019 to $37.1M in FY 2019-2020, representing a 30.6% increase. There was a 10.7% decrease in Prevention/Family Support/Family Preservation services expenditures.

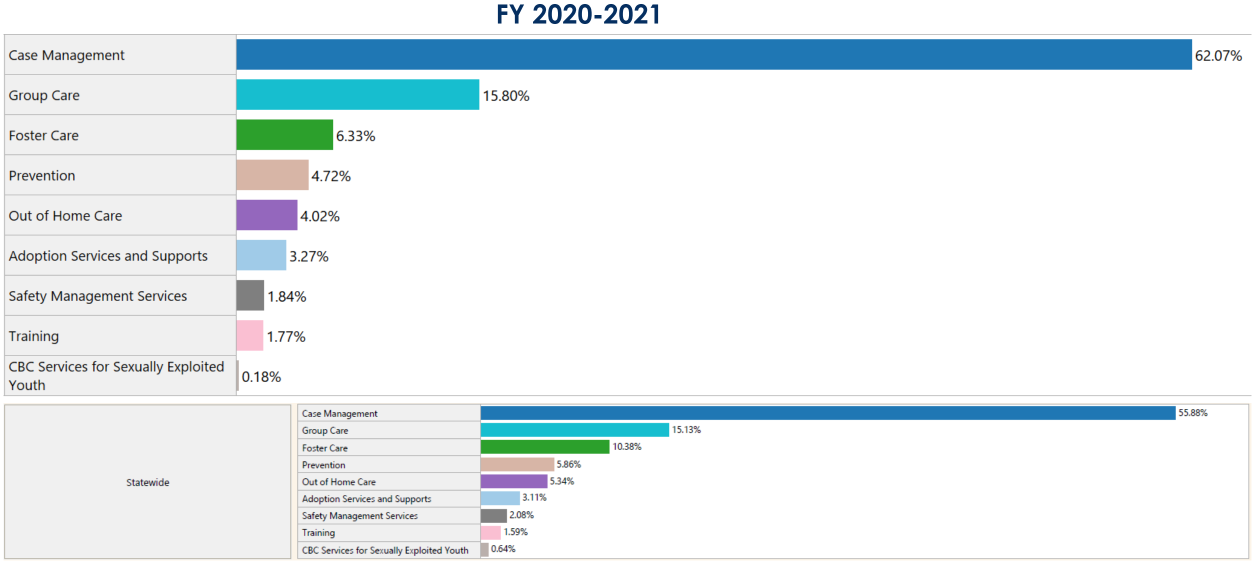
Increases

- Dependency Case Management expenditures increased by $8.7M (or 31%) primarily due to a system redesign implemented by EFCBC in January 2020.
- Licensed Facility Based Care (RGC) increased by $2.4M (26%) from $6.4M in FY 2018-2019 to $ 8.8M FY 2019-2020.
- Licensed Family Foster Home (Levels II-V) increased by $0.5M (or 13%).
- Adoption Services Promotion & Support increased by $0.6M (or 30%).

Decreases

- Client Services expenditures decreased by $2.6M (or 41%).
- Safety Management Services decreased by $0.4M (or 25%)
- Prevention Services expenditures decreased by $0.4M (or 11%).
- Training expenditures decreased by $0.4M (or 26%).

**Percent of Core Services Expenditures**
**FY 2020-2021**




In FY 2020-2021, EFCBC has spent 62.07% of their core services budget on dependency case management, above the statewide average of 55.88%. Foster Care expenditures are 4.05% less than the statewide average. All other categories closely align with statewide averages.

**FY 2020-2021 Financial Viability Plan**

In their design and instruction for the Financial Viability Plan (FVP) templates, DCF requested that CBCs identify their actions to address three primary cost drivers:

1. Factors related to entries into care
2. Factors related to the cost of children while in care
3. Factors related to exits from care

EFCBC FVP contains actions to address the three primary cost drivers affecting their financial position. The actions include:

- Increase utilization of in-home placements by 40%.
- Achieve 40% of relative/non-relative placements are licenses by 1/31/2021.
- Increase stability of relative/non-relative caregiver placements by increasing direct support to caregivers.
- Decrease disruptions in placements to less than 25% when a Placement Stabilization Staffings (PSS) has occurred within 30 days. Ultimately seeing an increase in overall placement stability based on the outcomes and supports implemented during a Placement Stabilization Staffing.
- Regulate the daily cost increase when a disruption occurs from Relative/Non-Relative to Licensed Out-of-Home Care (LOHC) to be less than $200/day and less than a $100/day for one LOHC placement to another LOHC placement.
- Continued pursuit of appropriate step downs and funding streams across the continuum of out-of-home placements, specifically high-end residential care.
- Decrease average daily cost by decreasing placements that are greater than $124/day; while ensuring appropriate funding streams for cost savings.
- Increase Behavioral Healthcare Coordinator (BHC) review of high-end placements to determine appropriate rate reduction of step down or placement.
- Decrease overall total LOHC actual expense.
- Reduce the number of LOHC placements for those in care greater than 18 months from 40% to 30%.
- Decrease turnover rate of case managers and caregiver support managers which will decrease caseloads and caseload changes in order to increase exits to permanency while supporting redesign.

Based on the Quarter 1 update:

| Action Step | Projected Target | Actual Target | Outcome |
|---|---|---|---|
| Increased utilization of in-home placements | 35% | 38.07% | Exceeded Target |
| Level 1/GAP | 25% | 27.33% | Exceeded Target |
| Increase stability of relative/non-relative caregiver placements | 3% | 1.9% | Exceeded Target |

| | | | |
|---|---|---|---|
| Increase stabilization to 90% when Placement Stabilization Staffings (PSS) has occurred in less than 30 days for all placement levels | 2.8% | 2.16% | Exceeded Target |
| Regulate the daily cost increase when a disruption occurs from relative/nonrelative to LOHC to be less than $200/day and less than a $100/day increase from previous LOHC to next LOHC | No data available | | |
| Continued pursuit of appropriate step downs and funding streams across the continuum of out-of-home placements | $32,678 | $34,752 | Below Target |
| Decrease average daily cost of group home placements that are greater than $124/day while confirming funding streams for cost savings | 65% | 64.94% | At Target |
| Increase BHC review of high-end placements to determine appropriate rate reduction of step down or placement | Projected $100,260 | Actual $158,837 | Below Target |
| Decrease number of LOHC placements for those in care greater than 18 months | 37.75% | 37.60% | Below Target |

While the FVP does contain cost savings projections which are reflected in the budget projections, it isn't enough to reduce overspending to the level of funding provided.

EFCBC received $1,028,572 in Paycheck Protection Program (PPP) funds on April 17, 2020. These funds are currently recorded as a liability on the EFCBC Statement of Assets and Liabilities. Once the PPP loan is forgiven, EFCBC will record this as grant income in a separate non-DCF Cost Center. EFCBC anticipates the loan conversion will take place in the third quarter of their fiscal year. EFCBC will then reclassify allowable expenses from DCF to the non-DCF Cost Center to offset the revenue received. This action will result in a credit to DCF in the month of reclassification.

No findings were identified in the most recent CPA audit for June 30, 2020.

The notes to the financial statements identify a Paycheck Protection Program loan of $1,028,572 from the U.S. Small Business Administration which is recorded as a non-current note payable as of June 30, 2020.

The notes also identified Embrace Families Community Based Care, Inc. (EFCBC) as a wholly-owned subsidiary of Embrace Families, Inc (Parent) and several related party transactions with its parent company and Embrace Families Solutions, Inc. and Embrace Families Foundation, Inc (affiliates).

**6. Findings related to overall management.**

- Sources: (CBC Contract Monitoring Report, Financial Viability Plan)
- Summary below, CBC Contract Monitoring Report – Sections 4 and 11, and the Financial Viability Plan for more details.

  6.1. ***To what extent is there clear and effective communication between and among the Region, the Lead Agency, the Sheriff (if applicable), case management organizations and other key community partners?***

  6.2. ***How actively and effectively does Lead Agency management track programmatic performance and fiscal performance?***

  6.3. ***What actions have been taken by the Region and/or the Lead Agency to resolve the fiscal issues without accessing the Risk Pool? What further actions are planned?***

**7. Other factors or considerations noted on the application or determined relevant by the Peer Review Committee.**

Embrace Families (formerly known as CBC of Central Florida) has received secondary funding (Risk Pool, Back of the Bill and LBC amendments) in five of the last six years totaling $10,318,163. The allocation for deficits in FY 2019-2020 was $2,346,951.

**8. Provide a detailed analysis of the projected Return on Investment (ROI) in terms of future cost avoidance, reduction in Out of Home Care, increase in prevention in home services, reduction in removals or other related factors.**

EFCBC intends to utilize the requested Risk Pool funds to eliminate the FY 2019-2020 deficit of $2,083,655 narrative around purchased case management services and client assistance and to reduce the projected FY 2020-2021 $3M deficit by $1,216,345 tied to expenses trending to exceed core funding, in the areas of out-of-home care and client assistance, related to other state systems deferring payment to child welfare.

In EFCBC's revised request, they intend to utilize the requested Risk Pool funds for out-of-home expenses of ~$1.4M, Level One Licensure and Guardianship Assistance Program (Level 1/GAP) for relative/non-relative placements of $1.5M, and Client Assistance expense projected to be $498,000.

The lead agency did not provide how receipt of Risk Pool funds would result in future cost avoidance, reduction in out-of-home care, increase in prevention in-home services or reduction in removals.

9. **The areas identified above are illustrative of the expected areas for review and analysis, but additional factors may be identified in the application or suggested by findings during the course of the Peer Review Committee's work.**

**Summary of Findings:**

Based on the information reviewed the Risk Pool Review Committee was able to affirm the following:

- Expenses incurred in the FY 2019-2020 do not qualify for Risk Pool funds.
- Embrace Families is funded at 101% of optimum funding based on the Florida Funding for Children model (FFFC). Even if the DCF contract with Orange County for residential group care placements by EFCBC is excluded from this calculation, they are still at 97.4% of optimum funding.
- Embrace Families received $2.45M Back of the Bill funding in FY 2019-2020 to address their operating deficit but still spent $2.0M more than provided.
- Embrace Families has not experienced a significant increase in removals or in out-of-home care numbers.
- All CBC's and provider agencies are and have been struggling with APD and DJJ costs for the past several years. This population of children require a statewide solution and is not unique to this CBC.
- An across-the-board foster placement stability payment, albeit minimal (COVID related) was a nice gesture, but at a time when agency is aware of a funding deficit, it may not have been financially prudent.
- Embrace Families acknowledges Devereux's progressive failure beginning in 2017 and despite Embrace's attempts to assist, by early 2019 the CMA collapsed.
- Embrace Families' Level 1 licensing is at 29.9% which is below the 40% goal but higher than the state average.
- The percent of Residential Group Care placements of all out-of-home placements has ranged from 8.8% to 10.0% from 11/30/2019 to 11/30/2020 which is much higher than the statewide average from 7.5% to 8.5% over the same period of time. The statewide trend has also decreased during this time period while EFCBC performance increased reaching 10% in July 2020 before decreasing in the last five months to 8.8%.
- After substantial research and stakeholder input, Embrace Families implemented a caregiver support redesign of their system of care in January 2020 which increased existing services or expanded the array of services available to serve children and families. These changes were made to improve support to children and their caregivers and to increase retention and satisfaction of caregivers and case management communities. Four (4) areas of specialty were created in the new model: Case

Managers, Caregiver Support Managers, Transitional Support Managers and Emotional Support Managers. Eventually EFCBC expects to realize a reduction in the number of children in out-of-home care and costs associated with that population. The impact of the COVID-19 pandemic was an unanticipated event which EFCBC attributes to a slower realization of the benefits of the redesign.

- Embrace Families should be commended for their performance despite the financial deficit they are reporting and projecting. It appears that the deficit has not impacted their performance in many areas, up to this point.

- Embrace Families request does not meet the criteria for inclusion in the Risk Pool because of decisions made on matters within their control which contributed to their deficits in the prior year and current year.

**Risk Pool Allocations:**

The Peer Review Committee review found that Embrace Families does not qualify for risk pool funding.

**Recommendations:**

- EFCBC needs to assess the services that were added or increased as a result of their system redesign of its system of care in January 2020 to determine the cost benefit and make adjustments to eliminate low performing or minimally effective services to reduce their costs to fit within their current allocation funding which is at 101% of optimal funding per the Florida Funding for Children Model.

- Embrace Families is clearly a child and family focused lead agency however it needs to operate within the budget. In times of financial crisis, management should triage their programs to minimize potential deficits.

- Embrace Families should develop programs to reduce their reliance on residential group care and examine their daily cost of care for the existing placements.

- Embrace Families should seek re-investments and recoupments from other contracts (with discussion and agreement by the providers).

- Embrace Families should act more swiftly when an agency begins to struggle. It appears that two years was a long time to extend help and support to a struggling CMA, despite which the CMA collapsed anyway.