



Mike Braun, Governor  
Adam J. Krupp, Director

*"Every child in Indiana thrives in a safe, loving, forever home."*

If you suspect a child is being abused or neglected, call the Child Abuse & Neglect Hotline at 800-800-5556.

## PROVIDER MANUAL: CHILD PLACING AGENCY RATES BULLETIN 2025-1

**November 15, 2025**

### 2026 RATES: COST LIMITS / ADJUSTMENTS and FOSTER PARENT PER DIEM

Pursuant to 465 IAC 2-17, DCS annually sets cost-based rates for Child Placing Agencies ("CPAs"). Annual rates are set pursuant to the methodology stated in the rule. The following is a description of each of the cost limits / adjustments for 2026 rates.

#### **(1) Salary Cost Limit**

The Salary Cost Limits remain the same as they were in rate year 2025 for rate year 2026. The tiers and their relative cost limits are as follows:

Tier	2025 Cost Limit	2026 Cost Limit
Less than \$1 million in revenue	\$133,997	\$133,997
Between \$1 million & \$5 million	\$167,497	\$167,497
Greater than \$5 million in revenue	\$234,495	\$234,495

The original base for the salary cost limits were determined based on analysis by the DCS Rate Setting Department with consultation of various third parties and review of the Child Welfare League of America (CWLA) 2009 Salary Study.

#### **(2) Fringe Benefits and Payroll Taxes Cost Limit**

The cost limit for Fringe Benefits and Payroll Taxes is **34.63%**.

In determining the actual calculated limit, non-budgeted cost report data submitted for Indiana-based providers is utilized. Cost report data where a DCS desk audit was still in process were excluded.

Data is used to calculate the median and standard deviation. The actual calculated limit is determined by taking the average Fringe Benefits and Payroll Taxes percentage plus one



Indiana Department of Child Services | 302 W Washington Street, Indianapolis, IN 46204 | 317-234-KIDS  
www.in.gov/DCS | Child Support Bureau Kidline: (800) 840-8757 | Child Abuse & Neglect Hotline: (800) 800-5556

**Mission:** We champion Indiana's future by protecting children and strengthening families with compassion and determination.

**Vision:** Every child in Indiana thrives in a safe, loving, forever home.

**Purpose:** Ignite hope. Cultivate joy.

standard deviations and rounding to four decimals.

The limit was calculated as follows:

- Determine each CPA's Fringe Benefit and Payroll Tax Percentage. This is calculated by taking the reported total allowable Fringe Benefit & Payroll Tax expenses and dividing by the reported total allowable Salary & Wages.
- Determining the median percentage of the Fringe Benefit and Payroll Tax Percentage.
- Determine the standard deviation percentage of the Fringe Benefit and Payroll Tax Percentage. The standard deviation is a measure of how dispersed the data is in relation to the median.
- Recalculate the median and standard deviation after excluding outliers.

Based on the calculation, the median Fringe Benefits and Payroll Taxes percentage was 26.06% and the standard deviation was 8.57%.

Accordingly, the actual calculated limit equals 34.63% [26.06% + 8.57%].

### **(3) Administrative Cost Limit**

The cost limit for Administrative Costs is **109.09%**.

In determining the actual calculated limit, non-budgeted cost report data submitted for Indiana-based providers is utilized. Cost report data where a DCS desk audit was still in process were excluded.

Data is used to calculate the median and standard deviation. The actual calculated limit is determined by taking the average Administrative Percentage plus one standard deviation and rounding to four decimals.

The limit was calculated as follows:

- Determine each CPA's Administrative Percentage. This is calculated by taking the reported total allowable Administrative costs and dividing by the reported total allowable Direct costs after removal of Unallowable and Administrative costs.
- Determining the median percentage of the Administrative Percentage.
- Determine the standard deviation percentage of the Administrative Percentage. The standard deviation is a measure of how dispersed the data is related to the median.
- Determine the z-Score of the individual CPA.

Based on the calculation, the median Administrative Percentage was 79.05% and the standard deviation was 30.04%.

Accordingly, the actual calculated limit equals 109.09% [79.05% + 30.04%].



Indiana Department of Child Services | 302 W Washington Street, Indianapolis, IN 46204 | 317-234-KIDS  
www.in.gov/DCS | Child Support Bureau Kidsline: (800) 840-8757 | Child Abuse & Neglect Hotline: (800) 800-5556

**Mission:** We champion Indiana's future by protecting children and strengthening families with compassion and determination.

**Vision:** Every child in Indiana thrives in a safe, loving, forever home.

**Purpose:** Ignite hope. Cultivate joy.

#### (4) Profit Margin

The Profit Margin is **6.03%**. This percentage was calculated by determining the average profit margin from for-profit vendors that administer Indiana-based programs for the last 5 years. If a cost report was not submitted for the 2026 rate setting, no profit margin will be added. The average profit margins DCS calculated through 2026 were as follows:

<u>Rate Year</u>	<u>Cost Year</u>	<u>Profit Margin</u>
2022	2020	6.74%
2023	2021	10.56%
2024	2022	5.16%
2025	2023	8.17%
2026	2024	-0.47%
Average		6.03%

The period in which the profit margins were calculated correspond to the period in which costs were reported through the DCS Cost Reporting Process.

#### (5) Caseload Ratio Cost Limit

The methodology used to calculate the Caseload Ratio Cost Limit is unchanged. The Caseload Ratio cost limit was calculated separately and applied individually for each CPA cost report. The equation that calculates the cost limit contains three variables specific to each child placing agency and four constants applied universally across all CPAs.

The limit itself builds a model of what is allowed based on reported statistics related to the cost report. The model utilizes 3 variables:

*Variables:*

- 1) Caseworker Ratio: 8 : 1
- 2) Supervisor Ratio: 5:1
- 3) Foster Home Ratio: 30:1

These variables are used in building a model of allowed FTEs based on (1) self-reported data via the cost report and (2) information related to licensed foster homes linked to the vendor.



Indiana Department of Child Services | 302 W Washington Street, Indianapolis, IN 46204 | 317-234-KIDS  
www.in.gov/DCS | Child Support Bureau Kidline: (800) 840-8757 | Child Abuse & Neglect Hotline: (800) 800-5556

**Mission:** We champion Indiana's future by protecting children and strengthening families with compassion and determination.

**Vision:** Every child in Indiana thrives in a safe, loving, forever home.

**Purpose:** Ignite hope. Cultivate joy.

## **(6) Rate Adjustments**

### ***Cost of Living Adjustment (COLA)***

There are no COLA adjustments in the 2026 rates.

### ***Rate Year Adjustment***

There are no Rate Year Adjustments in the 2026 rates

### ***Stabilization Factor***

The rate Stabilization Factor is a means to limit the variability in rates. The maximum Stabilization Factor is **11.14%**.

The maximum stabilization factor that can be applied to a single cost report is based on sixty (60) days' worth of Salary and Wages plus Fringe Benefits & Payroll Taxes cost as a percentage of reported costs on a given cost report. As expected, overall salary costs have increased, and this increase is represented in this averaged percentage for the year. Salary and Wages plus Fringe Benefits and Payroll Taxes as a percentage of Reported Costs averaged 0.1858% per day. Multiplying this percentage by the sixty (60) day factor equates to the maximum stabilization factor.

To be eligible for a stabilization factor, a program or set of programs included in the cost report data resulted in a calculated rate at least 15.01% lower than the prior year. The stabilization factor is only applied to non-budgeted cost reports. Additionally, the application of a stabilization factor will not result in a rate that is higher than it had been the prior year.

If % decrease is 15.00% or less, no stabilization factor is applied.

If % decrease is greater than 15.01% or more, equation below shows how the stabilization factor is applied:

(Lesser of 11.14% or % Decrease – 15.00%)

\*To illustrate how the stabilization factor is applied, assume Cost Report A had a rate of \$100 in 2025, which decreased by 20% to \$80 in 2026. The decrease exceeds the 15% threshold by 5%. Because this 5% is less than the maximum allowable stabilization factor of 11.14%, a 5% stabilization factor will be applied to Cost Report A.

### **Operating Margin Adjustment**

During a prior legislative session, additional funds were appropriated for an operating margin for non- profit organizations. As such, an operating margin adjustment has been



Indiana Department of Child Services | 302 W Washington Street, Indianapolis, IN 46204 | 317-234-KIDS  
www.in.gov/DCS | Child Support Bureau Kidsline: (800) 840-8757 | Child Abuse & Neglect Hotline: (800) 800-5556

**Mission:** We champion Indiana's future by protecting children and strengthening families with compassion and determination.

**Vision:** Every child in Indiana thrives in a safe, loving, forever home.

**Purpose:** Ignite hope. Cultivate joy.

applied of **2.8%**. This percentage was calculated based upon a fiscal estimate using actual rates [before rate adjustments] and actual utilization. The percentage has decreased from the original 3.2% due to higher base rates as well as increased utilization.

**(7) Foster Parent Per Diem**

	Age 0-4	Age 5-13	Age 14-18
Foster Care	\$27.01	\$29.31	\$33.83
Foster Care with Services	\$34.78	\$37.03	\$41.45
Therapeutic Foster Care	\$46.92	\$49.17	\$53.59
Therapeutic Plus	\$70.67	\$72.92	\$77.34
Non-Ward Baby	\$27.01	n/a	n/a



**Indiana Department of Child Services | 302 W Washington Street, Indianapolis, IN 46204 | 317-234-KIDS**  
[www.in.gov/DCS](http://www.in.gov/DCS) | Child Support Bureau Kidsline: (800) 840-8757 | Child Abuse & Neglect Hotline: (800) 800-5556

**Mission:** We champion Indiana's future by protecting children and strengthening families with compassion and determination.

**Vision:** Every child in Indiana thrives in a safe, loving, forever home.

**Purpose:** Ignite hope. Cultivate joy.