

# ADVANCING FLORIDA'S CHILDREN ISSUES BEGINS WITH A COMPLETE CENSUS COUNT



A FLORIDA TAXWATCH COMMENTARY  
SEPTEMBER 2024



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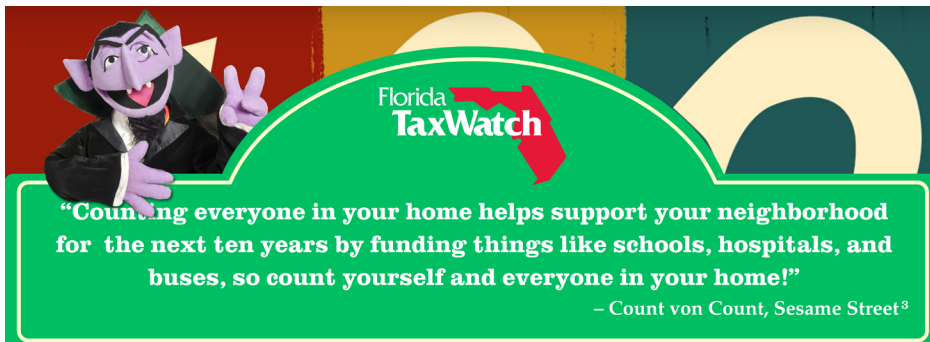
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## INTRODUCTION

Florida is the fastest growing state in the nation, and as the population grows, the state will need to focus on how to optimize the development of infrastructure and public services to best serve its residents and fuel the growth of its industries. Throughout the remainder of this decade, Florida faces a difficult challenge limiting its ability to achieve its full potential: a census undercount. Florida has a longstanding history of census undercounts, missing 750,000 people (-3.48 percent) during the 2020 Census and costing the state up to \$21 billion over the next ten years.<sup>1</sup>

Florida’s undercount of young children (ages 0-4) is especially troubling. “Net coverage error” is the difference between the census count of a population and the demographic analysis produced by the U.S. Census Bureau. Among the states, Florida had the largest net coverage error of young children (-9.87 percent)—a percentage nearly double the national net coverage error (-5.64 percent)—and failed to count an estimated 113,000 young children.<sup>2</sup>

The census undercount limits valuable sources of funding for, and data critical to, supporting the state’s youngest residents. The undercount reduces allocations to federal funding programs that benefit particularly vulnerable children and their caregivers. Additionally, the census undercount obscures socio-economic data crucial to identifying the needs of communities, such as the data points that help school districts project changing enrollment for upcoming years.



<sup>1</sup> See, Florida TaxWatch, *Looking Back at Census 2020: What Florida’s Business and Community Leaders Need to Know*, July 2022.

<sup>2</sup> U.S. Census Bureau, *Demographic Analysis Estimates of Net Coverage Error in the 2020 Census for the Population Ages 0 to 4 by State*, April 2024.

<sup>3</sup> Sesame Street, “Make Your Family Count:60 | 2020 Census | Sesame Street,” March 2020.

<sup>4</sup> Florida TaxWatch, *Looking Back at Census 2020: What Florida’s Business and Community Leaders Need to Know*, July 2022. Per capita grants and loans were used to estimate potential loss of dollars.

<sup>5</sup> Funding formulas require demographic and socio-economic data about the missing population. This information is unknown.

## FEDERAL FUNDING

The census count is used to determine the allocation of funding for more than 300 federal programs. Many census-derived programs affect the interests of children, whether the program supports the stability of caregivers or the welfare of the child directly (Table 1). Florida’s census undercount results in federal funding allocations that are not commensurate with Florida’s population size, forcing the state to strain the use of taxpayer dollars to cover a larger population than intended.

**Table 1.**  
**Examples of Census-Derived Federal Funding Programs that Directly Serve the Interests of Young Children**

Health	Education	Safety
Medicaid	Head Start	Foster Care Title IV-E
Supplemental Nutrition Assistance Program	Special Education	Adoption Assistance
Temporary Assistance for Needy Families	Preschool Development Grants	Children’s Justice Grants to States
State Children’s Health Insurance Program	Child Care and Development Fund	
	Title 1 Grants to Local Educational Agencies	

Source: U.S. Census Bureau, *Uses of Census Bureau Data in Federal Funds Distribution*, September 2017

In 2022, Florida TaxWatch used per capita grant spending to estimate that, collectively, census-derived programs will be underfunded by the federal government by at least \$11 billion through the end of the decade. If the state undergoes extenuating circumstances that result in emergency federal funding—such as pandemics and natural disasters—the loss of dollars will be closer to \$21 billion.<sup>4</sup> This estimate serves as a good benchmark in the absence of socio-economic data<sup>5</sup> for the uncounted populations; however, the estimate does not take into account that some funding programs fluctuate dramatically with population changes.



To illustrate the drastic impacts of the census undercount on federal funding that support the needs of vulnerable children, Florida TaxWatch reviews the funding formulas and considers the potential dollars lost to two federal assistance programs critical to the wellbeing and long-term positive outcomes of children: the Medical Assistance Program (Medicaid); and the Child Care and Development Fund (CCDF).

### MEDICAL ASSISTANCE PROGRAM (MEDICAID)

Medicaid provides financial assistance for medical services to children, pregnant women, and elderly persons with limited income and resources. In FY 2022, 2.5 million children were enrolled in Florida.<sup>6</sup> Medicaid is one of the most costly programs in the state budget. In FY2024-25, the joint line item for Medicaid and Temporary Assistance to Needy Families (TANF) comprised 30.0 percent of Florida’s total budget (Figure 1).<sup>7</sup>

Medicaid is a shared cost between the federal government and the state. The federal share is represented as the Federal Medical Assistance Percentage (FMAP). A state’s FMAP is calculated using per capita personal income (PCI) data from the Bureau of Economic Analysis (BEA).<sup>8</sup> BEA uses the U.S. Census Bureau’s yearly population estimate to calculate the federal and state PCIs. Assuming personal income remains consistent, a larger census count results in a smaller PCI, and thus, generates a greater share of federal dollars.

In Grant Year 2024 (GY2024),<sup>9</sup> Florida’s FMAP is 57.17 percent, with a multiplier of \$1.33.<sup>10</sup> This means the federal government is responsible for 57.17 percent of eligible costs<sup>11</sup> for state-operated programs that receive federal matching funds. To maintain the proper federal share, the state receives \$1.33 from the federal government for every state dollar spent.

If Florida’s uncounched population were to be incorporated into the FMAP formula for GY2024,<sup>12</sup> Florida would have an FMAP of 59.78 percent, receiving \$1.47 for every dollar spent on eligible programs (see Appendix A). Although a difference of 14 cents seems small, the dollars lost quickly accumulate when the FMAP is applied to billions of dollars’ worth of spending.

6 MACStat: Medicaid and Chip Databook, 2023. This count includes all children who were enrolled in FY 2022, even if only for a single month.

7 Florida TaxWatch, The Taxpayers’ Guide to Florida’s FY2024-25 State Budget, July 2024.

8 Bureau of Economic Analysis, “Personal Income by County and Metropolitan Area, 2022,” November 2023.

9 The current federal grant year operates from October 2023 to September 2024.

10 Florida Legislative Office of Economic and Demographic Research, Medicaid Federal Share of Matching Funds revised by EDR based on Preliminary FMAP for FFY 2025, January 2024.

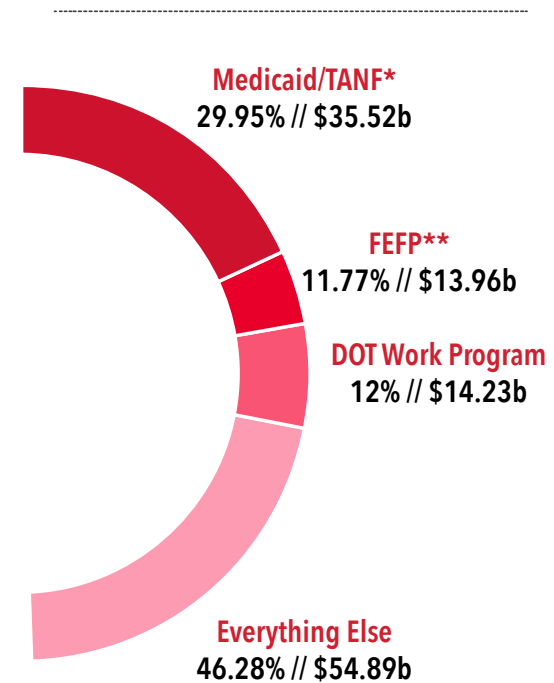
11 Benefit spending is determined by the FMAP. Administrative spending is often shared 1:1.

12 Recalculating the Federal Medical Assistance Percentage to estimate the effect of a census undercount is inspired by Andrew Reamer, *Counting for Dollars 2020*, George Washing Institute of Public Policy, March 2018.

Figure 1.

## Overall State Spending

Medicaid, DOT Work Program and FEFP Make Up More than Half (54%) of State Budget



\* Temporary Assistance to Needy Families

\*\* Florida Education Finance Program

\*\*\* Department of Transportation

Assuming spending patterns<sup>16</sup> remain consistent for GY2024, Florida’s census undercount risks losing an estimated \$460 million of federal funding for children’s Medicaid needs, with similar annual losses recurring each year (see Appendix B).

The Florida Legislature’s Office of Economic and Demographic Research (EDR) estimated Florida will spend \$35.3 billion on Medicaid in FFY2024-25,<sup>14</sup> with \$15.6 billion funded by the state and \$19.7 billion funded by the federal government.<sup>15</sup> On average, Florida spends 21.6 percent of its Medicaid funds on children.<sup>16</sup> Assuming spending patterns<sup>16</sup> remain consistent for GY 2024, Florida's census undercount risks losing an estimated \$460 million of federal funding for children's Medicaid needs, with similar annual losses recurring each year (see Appendix B).

### CHILD CARE AND DEVELOPMENT FUND

The CCDF provides financial assistance for childcare services to low-income families, enabling the family’s provider to attend work or school. As emphasized in the Florida TaxWatch report “*Economic Benefits of a Robust Childcare System in Florida*”, reliable childcare options are crucial for the growth of the economy and the financial stability of Florida families. In FY2021, the CCDF supported an average of 67,400 families and 96,900 children in Florida.<sup>17</sup>

13 Same level of state spending as FFY2024-25 and same percentage of Medicaid spending allocated to children.

14 The current Florida fiscal year operates from July 2024 to June 2025.

15 Florida Legislative Office of Economic and Demographic Research, Social Services Estimating Conference, January 2024. Note, the ratio of state to federal spending does not completely align with the FMAP because some costs are not eligible for matching funds and Florida fiscal years do not align with federal grant years. Additionally, FMAP values can adjust during the grant years, especially in the case of emergency funding.

16 MACStat: Medicaid and Chip Databook; 2023, 2022, 2021, and 2020. Florida TaxWatch calculated the average percent of Medicaid spending on children enrollees, using FY2022, FY2021, and FY2020. See footnote 12.

17 Office of Child Care, FY 2021 Preliminary Data Table 1 – Average Monthly Adjusted Number of Families and Children Served, February 2024.

In FY2024-25, Florida will receive up to an estimated \$656.6 million from the CCDF (Table 2), if the state maintains its matching share of funds (\$91 million). The CCDF is comprised of the Discretionary Fund, Mandatory Fund, and Matching Fund. The Discretionary Fund and Matching Fund both rely on census data.

**Table 2.**  
**In FY2024-25, the CCDF Allocated \$657 Million to Florida.**

Child Care Development Fund	FY2024-25 Allocation to Florida
Federal Mandatory Funds	\$43,026,524
Federal Share Matching Funds Based on Appropriation	\$128,446,508
Federal Discretionary Fund	\$485,081,260
Total Federal Funds (including Disaster Relief)	\$656,554,292

Source: Office of Child Care, GY2024 CCDF Funding Allocations (Based on Appropriations), April 2024.

### Discretionary Fund

The Discretionary Fund receives an annual appropriation using a funding formula that consists of three factors:

- Young Child Factor – the ratio of the number of children under age five in a state to the number of children under age five in the country;
- School Lunch Factor – the ratio of the number of children in a state who receive free or reduced-price school lunches under the National School Lunch Act to the number of such children in the country; and
- Allotment Proportion Factor – a weighting factor determined by dividing the three-year average national per capita income by the three-year average per state capita income.

The young child factor and allotment proportion factor are both vulnerable to census undercounts. The young child factor is sourced directly from the U.S. Census Bureau, and—similar to the FMAP—the



allotment proportion factor is based on per capita income calculations from the U.S. Department of Commerce. In FY2024-25, Florida was allocated \$485.1 million. The specifics of this formula are not publicly available. ***Although indeterminant, the discretionary fund is impacted by the census undercount by using U.S. Census Bureau population estimates and per capita income within its funding formula.***

### **Mandatory Fund**

The Mandatory Fund is not based on the census. The Mandatory Fund is appropriated under §418 of the Social Security Act (“the Act”). Depending on whichever is greater, the Act requires the federal government to provide the same federal share of expenditures as it did for State IV-A childcare programs in 1994 or 1995 or provide a federal share matching the average federal share of expenditures for said programs from 1992 through 1994. In FY2024-25, Florida was allocated \$43.0 million.

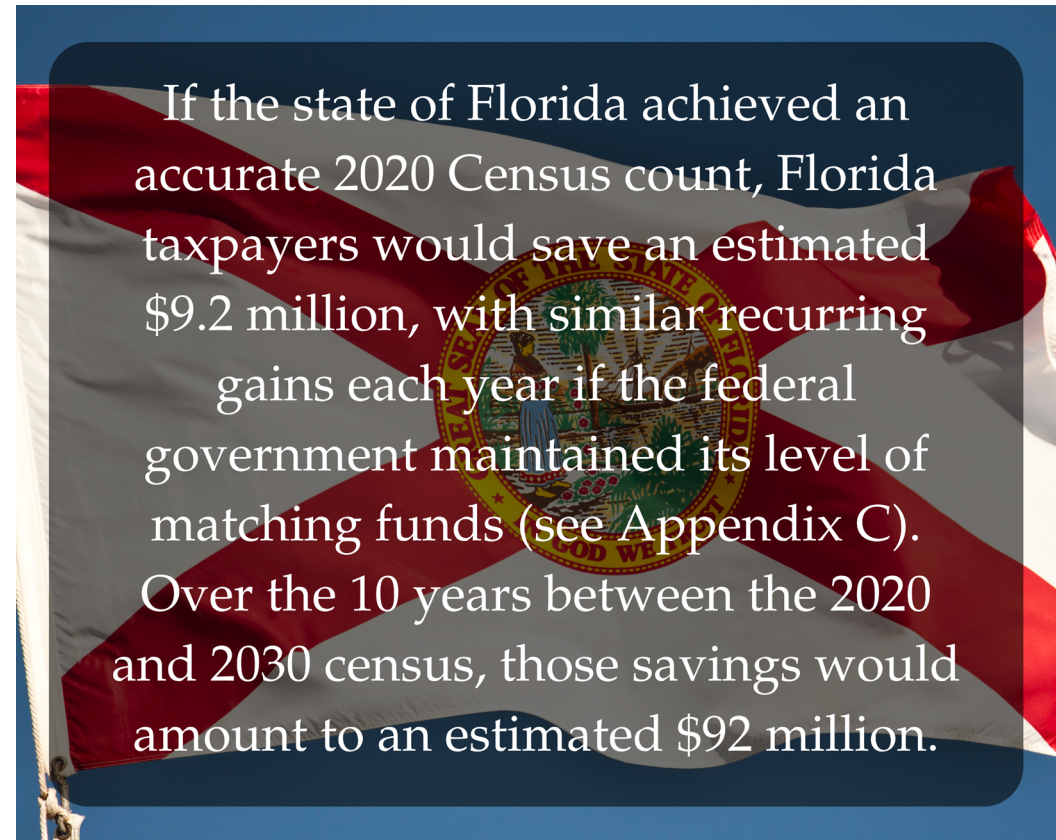
### **Matching Fund**

The Matching Fund is the remaining amount to be appropriated after the Mandatory Fund. A state’s allocation is based on the state’s number of children under the age of 13 compared to the national total of children under the age of 13—a data point in and of itself vulnerable to a census undercount—but to receive the allocated amount, the state must spend its own money at the FMAP rate.

In the current GY2024, the federal matching funds allocated to Florida was \$128.4 million and the estimated state share of matching funding was \$91.2 million. The ratio of the federal funds and the state share of matching funds does not occur in the exact ratio of the GY2024 FMAP(57.17 percent) because in the first quarter (October 2023 – December 2023), the funding was inflated by 1.5 percent due to supplemental pandemic funding.<sup>18</sup>

In the absence of inflated funding, which is more representative of a typical year, the number of state dollars needed to receive the whole \$128.4 million of federal matching funds would be \$96.6 million. If the FMAP were adjusted to consider Florida’s census undercount, the state would only need to spend \$87.4 million.

If the state of Florida achieved an accurate 2020 Census count, Florida taxpayers would save an estimated \$9.2 million, with similar recurring gains each year if the federal government maintained its level of matching funds (see Appendix C). Over the 10 years between the 2020 and 2030 census, those savings would amount to an estimated \$92 million.<sup>19</sup>



<sup>18</sup> Office of Child Care, GY 2024 CCDF Funding Allocations (Based on Appropriations), April 2024.

<sup>19</sup> This estimate is based on the per capita income and population size in 2020, 2021, and 2022 and the planned spending for GY2024. Each year, the dollar loss will vary depending on how these variables change. The estimate does not consider the inflation of FMAPs from the infusion of emergency funds, such as the American Rescue Plan.

## PLANNING FOR CHILDREN'S NEEDS

Florida undercounted an estimated 113,000 young children during the 2020 Census. Census data is the basis of socio-economic and demographic estimates that can be used to identify the needs of specific communities. An accurate count of the number of young children living in one area is particularly important as community decision makers try to understand the demands upon early learning providers, schools, and nonprofits that serve children's interests.

Consider Florida's early learning needs. In September 2023, Florida TaxWatch released *"Economic Benefits of a Robust Childcare System in Florida"*, which compared census data about young children to the number of seats available at childcare facilities and family day care homes. The report observes a shortfall of 250,000 seats if children with all available parents participating in the workforce required professional care. In the light of the census undercount, this gap is likely larger, but without knowing the details about the uncounted population (e.g., if all available parents participate in the workforce), the extent to which the gap would be larger is indeterminant.

School districts also confront challenges due to data limitations. The count of young children is used by school districts to consider the assets needed to accommodate changes in capacity. School districts use census-derived enrollment projections to consider whether schools need to be constructed or closed, how to develop and assign faculty and staff, and how to coordinate long-term management plans for school resources. With such a tight budget, school districts have little room for error if they want to best serve their students.

Florida's undercount of young children affects each county differently (Table 3). Three counties—Alachua, Levy, and Wakulla—experienced slight overcounts of children. Some counties, such as Holmes and St. Johns, missed fewer than 100 children, producing a mostly accurate census count. The counties with the greatest percentage of their young children left uncounted will likely feel the strongest impacts of data limitations. Miami-Dade County has the greatest net coverage error estimate, leaving an estimated 27,000 of its young children uncounted (-17.36 percent).

### Key Insights on Florida's Undercount of Young Children

- 113,000 young children were undercounted in the 2020 Census in Florida.
- Childcare shortages are exacerbated by this undercount, with an estimated 250,000-seat shortfall in childcare facilities for children with parents in the workforce.
- School planning faces challenges due to data gaps, as census data informs decisions on school capacity, faculty assignment, and resource management.

County-level impacts vary, with Miami-Dade County having the highest estimated undercount of 27,000 children (-17.36%).

20 U.S. Census Bureau, "2020 Census Will Help School Districts Prepare for Next Generation of Students," July 2020.

**Table 3.  
Most Florida Counties Undercounted Young Children (Ages 0-4),  
Missing More Than 100,000 Young Children.**

County Name	Net Coverage Error Estimate	Children Missed
Baker County	-12.22	220
Bay County	-8.17	793
Bradford County	-9.46	141
Brevard County	-6.68	1,847
Broward County	-12.38	13,757
Charlotte County	-4.72	264
Citrus County	-5.30	298
Clay County	-3.73	454
Collier County	-13.40	2,234
Columbia County	-10.38	423
DeSoto County	-9.51	186
Duval County	-9.42	6,146
Escambia County	-9.76	1,863
Flagler County	-5.73	256
Gadsden County	-16.11	439
Gilchrist County	-14.08	144
Hardee County	-10.96	194
Hendry County	-17.91	548
Hernando County	-3.86	340
Highlands County	-8.80	402
Hillsborough County	-10.28	9,212
Holmes County	-6.29	66
Indian River County	-8.85	581
Jackson County	-11.75	295
Lake County	-5.63	1,024
Lee County	-7.50	2,670
Leon County	-1.83	278

Manatee County	-4.14	752
Marion County	-9.89	1,825
Martin County	-8.31	542
Miami-Dade County	-17.36	27,242
Monroe County	-6.79	222
Nassau County	-7.39	344
Okaloosa County	-7.71	1,070
Okeechobee County	-14.93	388
Orange County	-8.11	6,823
Osceola County	-14.45	3,511
Palm Beach County	-10.08	7,675
Pasco County	-6.01	1,711
Pinellas County	-9.34	3,760
Polk County	-8.29	3,515
Putnam County	-10.71	458
Santa Rosa County	-3.35	357
Sarasota County	-11.06	1,639
Seminole County	-5.28	1,301
St. Johns County	-0.08	11
St. Lucie County	-5.09	844
Sumter County	-13.65	339
Suwannee County	-8.56	202
Taylor County	-8.67	102
Volusia County	-9.25	2,391
Walton County	-5.62	233
Washington County	-7.58	101

*Source: U.S. Census Bureau, State and County Demographic Analysis Tables: 2020, April 2024.  
The following counties are excluded from the data set because the counties were too small to calculate a conclusive estimate: Calhoun County, Dixie County, Franklin County, Glades County, Gulf County, Hamilton County, Jefferson County, Lafayette County, Liberty County, Madison County, and Union County.*

## LOOKING AHEAD: 2030 CENSUS

In 2030, Florida needs a complete census count to better support one of its most vulnerable populations: young children. Both the statewide count and, specifically, the count of young children are important to securing the state's deserved share of federal funding and compiling accurate data with which to plan for the needs of young children and their guardians. Florida is the fastest growing state in the nation, further exacerbating the consequences of the census undercount. Florida is one of the fastest growing states in the nation, further exacerbating the consequences of the census undercount. As the next census count quickly approaches, **Floridians should take actions that will ready residents for full participation in the 2030 Census:**

- 1. Stay up to date on census-related issues.** The Florida TaxWatch Census Institute provides a resource hub and engagement opportunities to help you stay current on census related issues and connect with organizations that can help your business promote a complete census count.
- 2. Act as a trusted messenger.** Encourage friends, families, colleagues, employees, or customers to spread awareness about the importance of decennial censuses. All information is private and cannot be seen by other government agencies.
- 3. Lend your voice.** Use your voice to encourage involvement by businesses and government officials. Awareness campaigns and increased governmental funding for grassroot efforts bring the state closer to a complete census count. Consider amplifying your voice by joining or creating a Complete Count Committee.<sup>21</sup>
- 4. Invest in your community.** Whether directly or through philanthropic organizations, invest in grassroots efforts that help residents complete their census surveys. Even with 2030 a few years away, an early investment in grassroots efforts allows time to organize and develop effective plans to support a complete census count.

## CONNECT WITH FLORIDA TAXWATCH

As an independent, nonpartisan, nonprofit, taxpayer research institute and government watchdog for more than forty years, Florida TaxWatch works to improve the productivity and accountability of Florida government. Its research recommends productivity enhancements and explains the statewide impact of fiscal and economic policies and practices on residents and businesses.

To learn more about the  
Florida TaxWatch Census  
Institute, please visit:

.....  
<https://floridataxwatch.org/Programs/Census-Institute>.



To learn more about Florida TaxWatch, please visit:  
<https://floridataxwatch.org/>.

<sup>21</sup> As described by the U.S. Census Bureau, "Complete Count Committees (CCC) are volunteer committees established by tribal, state, and local governments and community leaders or organizations to increase awareness and motivate residents to respond to the [2030] Census." See, U.S. Census Bureau, "2020 Census Complete Count Committee Guide."



## APPENDIX A

### ESTIMATING THE ADJUSTED FEDERAL MEDICAL ASSISTANCE PERCENTAGE (FMAP) AND ENHANCED FEDERAL MEDICAL ASSISTANCE PERCENTAGE (E-FMAP).

Each state has its own FMAP. An FMAP represents the federal government’s share of funding for grant programs as a ratio of the state’s share. The FMAP for each state is calculated using the following formula:

$$[1 - 0.45] \times [(3\text{-year Florida per capita income squared}) \div (3\text{-year average U.S. per capita personal income squared})]$$

As illustrated by the FMAP formula above, the main variable is the per capita income (PCI). The PCI is calculated by dividing total personal income by population size. The Bureau of Economic Analysis (BEA), within the U.S. Department of Commerce, calculates the PCI used in FMAP formulas. BEA uses census population estimates as the population size within its PCI calculations, causing the accuracy of the PCI to be vulnerable to census undercounts.

The FMAP for FY2024-25 is based on the average PCI from FY2020, FY2021, and FY2022. Using data from the Florida Legislature Office of Economic and Demographic Research’s (EDR’s) most recent Social Services Estimating Conference (January 2024), Florida TaxWatch calculated how the PCI would change if the 750,000 Floridians that were not counted during the 2020 Census were included in Florida (Table A) and the United States’ population estimates (Table B).

**Table A.**

#### Florida’s Per Capita Income Adjusted for the Census Undercount (750,000 Residents)

Year	Population Formula (BEA Population + Missed Population)	Population Adjusted for Undercount (Millions)	BEA Personal Income (Millions \$)	Per Capita Income Formula	Adjusted Per Capita Income
2020	21.590 + 0.75	22.340	\$1,221,122	\$1,221,122 ÷ 22.340	\$54,661
2021	21.828 + 0.75	22.578	\$1,376,880	\$1,376,880 ÷ 21.578	\$60,983
2022	22.245 + 0.75	22.995	\$1,441,599	\$1,441,599 ÷ 22.995	\$62,692
<b>Florida’s Adjusted 3-Year Average Per Capita Income</b>					<b>\$59,445</b>

**Table B.**

#### United States’ Per Capita Income Adjusted for the Census Undercount (750,000 Residents)

Year	Population Formula (BEA Population + Missed Population)	Population Adjusted for Undercount (Millions)	BEA Personal Income (Millions \$)	Per Capita Income Formula	Adjusted Per Capita Income
2020	= 331.521 + 0.75	332.262	\$19,609,985		\$59,020
2021	= 332.032 + 0.75	332.782	\$21,392,812		\$64,285
2022	= 333.288 + 0.75	334.038	\$21,820,248		\$65,323
<b>United States’ Adjusted 3-Year Average Per Capita Income</b>					<b>\$62,876</b>

Using the adjusted PCI calculated within Table A and Table B, Florida TaxWatch calculated an FMAP adjusted to accommodate the census undercount:

$$[1 - 0.45] \times [(\$59,4452) \div (\$62,8762)] = \mathbf{0.5978}$$

To receive matching funds from the federal government, the state must first commit its own money to the relevant matching grant program. Federal spending is determined by the number of state dollars committed to the grant program. The following formula is used to convert a state's FMAP to a multiplier that can be used to determine how much money a state receives in return for each dollar spent:

$$[1 \div (1 - \text{FMAP})] \times \text{FMAP}$$

When the actual FMAP and adjusted FMAP are inserted to the calculations, the dollar returns are \$1.33 and \$1.47, respectively. Taking the difference of the two, **the adjusted FMAP would return an extra 14 cents to Florida per dollar spent.**

These calculations are predicated upon the following assumptions and limitations:

- The estimated number of uncounted Floridians is based on the Post-Enumeration Survey published by the U.S. Census Bureau. The estimated net coverage error was -3.48 percent, but the standard error creates a range of -4.39 percent and -2.57 percent.
- The calculations assume the U.S. Census Bureau's population estimates do not account for the population missed during the 2030 Census. The U.S. Census Bureau's population estimates are based on records of births, deaths, and immigration. This calculation does not take into account if the census miscount affects estimated growth rates.
- The adjusted PCI for the United States does not take into account estimated census errors from other states.

## APPENDIX B

### ESTIMATING FUNDING FOR CHILDREN RECEIVING MEDICAID

The largest program to qualify for federal matching funds is Medicaid. Medicaid does not have a matching cap, which means if the state spent the same amount of dollars regardless of available FMAP, the state would lose matching dollars due to the census undercount.

To determine the dollars lost for children's Medicaid, Florida TaxWatch first identified the estimated federal contribution for Medicaid in FY2024-25. Using the EDR's Social Services Estimating Conference (January 2024), the federal matching funds were anticipated to be \$20,289,100,000 in FY2024-25. By dividing the funds by the FMAP multiplier (\$1.33, see Appendix A), Florida TaxWatch calculated the number of spent state dollars that were eligible for a matching fund.

$$\$20,289,100,000 \div \$1.33 = \$15,254,887,218$$

To determine the dollars likely spent on children specifically, Florida TaxWatch calculated the average percent of Medicaid spending spent on benefits for children from FY2019-FY2021, the four most recent fiscal years with data published in the Medicaid and Childrens' Health Insurance Program (CHIP) data book.<sup>22</sup> On average, 21.6 percent of Florida's Medicaid spending is spent on benefits for children. Multiplying the state dollars eligible for a federal match by the percent spent on children, Florida TaxWatch estimated that \$3,295,055,639 of state dollars eligible for a federal match were spent on Medicaid benefits for child enrollees.

To estimate the census undercount's impact on federal dollars that would be spent on Medicaid benefits for child enrollees, the estimated number of state dollars eligible for a federal match that would be spent on children (\$3,295,055,639) is multiplied by the actual FY2024-25 FMAP multiplier (\$1.33) and the FMAP adjusted for the census undercount (\$1.47, see Appendix A). The difference of the two products is the estimated federal dollars lost by the undercount.

$$\begin{aligned} &(\$3,295,055,639 \times \$1.33) - (\$3,295,055,639 \times \$1.47) \\ &\$4,382,424,000 - \$4,843,731,789.47 \\ &\quad -\$461,307,789 \end{aligned}$$

**Florida's census undercount could cost the state \$461.3 million in federal funding for children's Medicaid needs during FY2024-25, with similar annual losses recurring each year.**

These calculations are predicated upon the following assumptions and limitations:

- The ratio of state to federal spending does not completely align with the FMAP because administrative costs are not eligible for matching funds and Florida fiscal years do not align with federal grant years.
- Due to limited available data, the federal matching funds are based on spending data for FFY2024-25. Dividing the federal funding by Florida's FMAP is considered to be the amount of state spending that was eligible for federal matching (\$14.8 billion). A more comprehensive analysis would observe Medicaid expenditures within the federal grant year.
- Medicaid federal matching funds do not have a cap, so it is assumed the state would receive additional funding, or require less state spending, if it had a larger FMAP.
- It is assumed that the percent of Medicaid spending on children is consistent between state dollars and federal dollars, and that the average percent of spending on children from FY2019-2021 is reflective of the percent that will be spent on children in FY2024-25.
- It is assumed the percent spending on children from the MACStat data book does not include administrative costs, which would be ineligible for federal matching funds. For the years observed (FY2019-2021), Florida spent an average of 97.7 percent of Medicaid funds on benefits.
- All assumptions and limitations identified in Appendix A apply as well.

<sup>22</sup> MACStat: Medicaid and Chip Databook; 2023, 2022, 2021, and 2020. Florida TaxWatch calculated the average percent of Medicaid spending on children enrollees, using FY2022, FY2021, and FY2020.

## APPENDIX C

### ESTIMATING FUNDING FOR CHILDCARE AND DEVELOPMENT FUND

Using data from the Office of Child Care, Florida TaxWatch identified the level of federal mandatory funds allocated to Florida for GY2024 (\$128,446,508). To receive the federal funds, the state of Florida has an estimated matching spending requirement of \$91,209,107. This is not a perfect FMAP ratio. Although the FMAP for GY2024 is 57.17 percent, the estimate includes a quarter of expenditures treated with an inflated FMAP (59.46 percent).

By decreasing Florida's FMAP, the census undercount requires Florida to spend more dollars to receive its allocated federal matching funds. Due to the temporarily inflated FMAP—and a lack of quarter-by-quarter spending data—there are data limitations that make estimating the difference between actual state spending and state spending requirements if the state achieved a complete census count more difficult. To help illustrate the anticipated loss of federal dollars for an average year, Florida TaxWatch considers how much money would be lost if the federal spending level for GY2024-25 were the same and used the uninflated FMAP (57.17 percent) for the whole year.

To determine the required state matching funds for such a scenario, Florida TaxWatch divides the federal spending for GY2024-25 (\$128,446,508) by the uninflated FMAP multiplier (\$1.33).

$$\begin{aligned} & \textit{Required State Matching Funds} \\ & \$128,446,508 \div \$1.33 = \$96,576,322 \end{aligned}$$

To compare the required state matching funds to what would be required if the state achieved a complete census count, the same equation is used with the adjusted FMAP multiplier (\$1.47, see Appendix A).

$$\begin{aligned} & \textit{Required State Matching Funds: Adjusted for Census Undercount} \\ & \$128,446,508 \div \$1.47 = \$87,378,322 \end{aligned}$$

By subtracting the “*Required State Matching Funds: Adjusted for Census Undercount*” from “*Required State Matching Funds*,” Florida TaxWatch estimates a loss of \$9,197,745 for GY2024-25. If federal funding levels and FMAPs remain similar throughout the decade, Florida will lose similar dollars each year.

These calculations are predicated upon the following assumptions and limitations:

- The calculation did not take into account the inflated FMAP in quarter one of GY2024-25 due to data limitations.
- All assumptions and limitations identified in Appendix A apply.

## ABOUT FLORIDA TAXWATCH

As an independent, nonpartisan, nonprofit taxpayer research institute and government watchdog, it is the mission of Florida TaxWatch to provide the taxpayers of Florida and public officials with high quality, independent research and analysis of issues related to state and local government taxation, expenditures, policies, and programs. Florida TaxWatch works to improve the productivity and accountability of Florida government. Its research recommends productivity enhancements and explains the statewide impact of fiscal and economic policies and practices on citizens and businesses.

Florida TaxWatch is supported by voluntary, tax-deductible donations and private grants. Donations provide a solid, lasting foundation that has enabled Florida TaxWatch to bring about a more effective, responsive government that is accountable to the citizens it serves since 1979.

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All Florida TaxWatch research is done under the direction of Dominic M. Calabro, President, CEO, Publisher & Editor.

The findings in this Report are based on the data and sources referenced. Florida TaxWatch research is conducted with every reasonable attempt to verify the accuracy and reliability of the data, and the calculations and assumptions made herein. Please contact us if you believe that this paper contains any factual inaccuracies.

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